FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,488 — Friday November 30 1984 — D 8523 B

Australian election: Hawke plays it his way, Page 16

NEWS SUMMARY

GENERAL

HK gives approval to deal on future

Most Hong Kong residents find the Sino-British agreement on the territory's future acceptable, if only because they regard China's recovery of sovereignty as inevitable.

That is the conclusion of the assessment office set up by Britain to gauge local reactions.

The finding echoes that of a survey published in Hong Kong earlier this week. It is also reflected in a position paper published by Hong Kong's colonially appointed lay politicians who are sending a delegation to London to lobby British MPs ahead of parliamentary debates on the territory. Page 18

Congress (I) ahead

Indian Prime Minister Rajiv Gandhi's Congress (I) party is likely to return to power with a reduced majority, according to the first opinion poll of the general election campaign. Page 4

Gulf force agreed

The six-member Gulf Co-operation Council agreed to establish a joint strike force from the Gulf armies at a summit meeting in Kuwait. Page 18

Arafat supported

Palestinian parliament in exile gave Yassir Arafat, leader of the Palestine Liberation Organisation, broad leeway to pursue closer links with Jordan and supported his attempts to improve relations with Egypt. Page 4

Palestine rejection

The Palestinian National Council ended its meeting with a communique explicitly rejecting any peace plan that would not lead to the creation of an independent Palestinian state. Earlier story, Page 4

French bomb riddle

Two explosions ripped through a government building in Avignon where the British Prime Minister Mrs Margaret Thatcher is to meet French Prime Minister Laurent Fabius today. The cause was not known.

Peru protest

Five bombs exploded in Lima and at least eight youths were arrested during a 24-hour general strike to protest against the Government's austerity policies and human rights record.

Diplomatic rift

Morocco ceased diplomatic relations with Yugoslavia after Belgrade officially recognised the Saharan Arab Democratic Republic proclaimed by Polisario guerrillas fighting Morocco for control of the Western Sahara.

Muldoon ousted

Sir Robert Muldoon, former Prime Minister of New Zealand, a dominant force in politics for the last decade, was dismissed as leader of the opposition National Party and replaced by his deputy, Jim McLay. Page 4

Spanish strike

A 24-hour general strike in the north-western Spanish region of Galicia over the Socialist Government's economic policy brought Vigo, the biggest town in the area, to a standstill.

Hostages freed

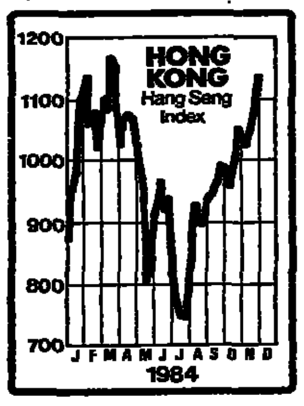
Ethiopian rebels released three hostages held for a month. They were Briton John Walsh, 35, his Finnish wife Eva, 30, and Australian Michael Fints, 29.

BUSINESS

Economy in U.S. slows down

THE LATEST decline in the index of leading U.S. economic indicators, a key measure of future economic activity, reflects a sluggish phase of the economy but does not presage a recession, said Mr Malcolm Baldridge, the Commerce Secretary. Page 18

WALL STREET: the Dow Jones industrial average closed down 11.93 at 1,193.46. Section III



HONG KONG share prices rose strongly, encouraged by renewed confidence in property stocks. The Hang Seng index gained 17.48 to 1,136.11, its highest for more than seven months. Section III

DOLLAR rose in London to DM 3.078 (DM 3.07), FFr 9.42 (FFr 9.4), SwFr 2.5285 (SwFr 2.52) and Y245.95 (Y245.4). On Bank of England figures, its trade-weighted index fell to 142.3 from 142.4. In New York it was DM 3.081, SwFr 2.533, FFr 9.442, and Y246.25. Page 41

STERLING fell 40 points in London to $1.2015. It was unchanged at DM 3.7, but fell to SwFr 3.0375 (SwFr 3.04), FFr 11.33 (FFr 11.3675) and Y295.50 (Y295.75). Its exchange rate index rose to 74.3 from 74.2. In New York it was $1.201. Page 41

GOLD rose 25 cent on the London bullion market to $331.25. It also rose in Zurich to $331.05. In New York the December Comex settlement was $330.80. Page 40

TOKYO financial shares drew buyers, helping the Nikkei-Dow market average 118.56 higher to 11,366.64. Section III

LONDON equities were subdued, with the FT Industrial Ordinary index 3.4 off its peak at 925.8. Gilts firmed. Section III

U.S. MONEY SUPPLY: M1 rose $6.7bn to a seasonally adjusted $552.1bn in the week ended November 19.

U.S. PAPER industry is expected to spend more than $7.5bn a year to expand its capacity by 3.6m tons, or 5 per cent, over the next three years. Page 19

EXXON, the world's biggest oil company, has put its Exxon Office Systems subsidiary up for sale, as evidence mounts that it is preparing to write off its pioneering diversification concern which has net assets of around $100m. Page 20.

ASSOCIATED Cement Companies, India's largest cement manufacturer, is locked into a dispute with government-owned financial institutions on proposals to make a four-for-five scrip issue. Page 21

CATERPILLAR TRACTOR, the world's largest construction equipment company, will almost certainly be calling for more cuts in its workforce over the next three years. Page 19

DRESDNER BANK, West Germany's second biggest commercial bank, expects a group operating profit this year of about DM 2bn ($651.5m) and will probably hold its dividend at DM 6 per DM 50 share. Page 20.

BANQUE Bruxelles Lambert, the second largest Belgian bank, is lifting its dividend payment after a 21.9 per cent rise in consolidated profits for the year to BFr 2.179bn ($35.3m). Page 20

Gatt moves to liberalise bank and insurance services

BY ANTHONY McDERMOTT IN GENEVA

THE 90 contracting parties to the General Agreement on Tariffs and Trade (Gatt) yesterday approved in principle draft texts that might could lead to the liberalisation of trade in services such as banking and insurance.

The agreement on the services issue concluded yesterday represents a victory for the U.S. which had pressed for it to be brought within the scope of Gatt negotiations.

The dispute over services had almost stalled the work of the annual general meeting of Gatt. The conference started on Monday and concludes today.

While the issue on services represented a breakthrough for the leading industrialised nations, agreement was also reached on the contentious issue of trade in counterfeit goods.

The U.S. had been pressing for Third World to end its resistance to counterfeiting.

Copyright infringement has been an increasingly sore point with the U.S., and the question of the Gatt being used as a vehicle to take action against offending, mainly Third World, nations on the illegal copying of goods, provoked resistance by the developing world at this week's conference.

In closed-door sessions yesterday, Third World nations appear to have accepted the counterfeiting issue.

Mr Felipe Jaramillo, the Gatt council chairman, said yesterday that the text on trade in counterfeit goods provided for a group of experts on trade policy matters to meet and adopt decisions made at Gatt's 1982 extraordinary ministerial conference.

Third World countries, in return for softening their opposition to U.S. demands on services yesterday argued that the Gatt should be empowered to deal with the effect of exchange rate fluctuations on world trade and the transfer of high technology.

As of last night, these matters had not been resolved, but Gatt officials hoped they would be in time for today's closing session.

Mr Jaramillo said that the key text on services provided for formal meetings allowing Gatt members to exchange information on service industries.

It also calls for a report to be made to next year's conference which will be mandated to decide if there should be multilateral negotiations on global trade in services.

Developing countries had opposed the services issues to protect their own infant service industries. They had argued vociferously with industrialised countries, particularly the U.S., for not rolling back protectionism.

Ten Gatt members worked overnight on the final text: the U.S., the EEC delegation, India, Brazil, Japan, Singapore, Yugoslavia, Canada, Argentina and Egypt.

The document on services said the chairman of the contracting parties would organise the exchange of information provided for in the ministerial decision on issues in the services sector, essentially on the basis of national examination. It would include any considerations in the area of services which appeared relevant to the contracting party concerned, and the compilation and distribution of such information based on as uniform a format as possible. The Gatt secretariat would provide the support necessary for this process.

Stoltenberg urges UK to take full role in EMS

By Jonathan Carr in Frankfurt

THE WEST German Finance Minister, Dr Gerhard Stoltenberg, has called on Britain "at long last" to take on the rights and duties of full membership of the European Monetary System (EMS).

He told parliament in Bonn yesterday that it was not appropriate for a so important a country, with a relatively stable currency, to have a special role within the EMS.

Full British membership of the EMS was one of three key conditions named by Dr Stoltenberg for improving monetary co-operation in Europe.

The other two were:

- Several member states should make bigger efforts to cut their inflation rates.
- Key member countries like France and Italy must liberalise their capital markets over the next several years. "First, but insufficient, steps have been taken," he said.

Dr Stoltenberg was speaking at a time of growing debate in the European Community about how the EMS and its fledgling reserve currency, the Ecu, could be developed further.

The minister agreed that the discipline of the EMS had helped forge greater stability in several member states – for example France – but he stressed it was important to get the priorities right.

By comparison with the other elements he had outlined, Dr Stoltenberg said, the issue of the Ecu's development was not of primary importance. The West German Government was talking to the Bundesbank (the central bank) about these EMS topics, but it did not want to put the lesser of the issues first.

The Bundesbank central council was devoting part of a long session in Frankfurt yesterday to its future attitude to the EMS and Ecu.

There are clear signs of greater flexibility in the Bundesbank's attitude on the use of the "official" Ecu – that is the Ecu used between central banks.

EEC governments rejected an attempt by the European Parliament to dictate how Britain's Ecu 1bn ($718m) budget rebate will be paid next year. It overruled an amendment to the 1985 EEC budget that would have put the British rebate into specific spending areas, rather than allowing the country a reduction on its payments to Brussels. Page 3

Majority support for new EEC treaty on European integration

BY QUENTIN PEEL IN BRUSSELS AND JOHN WYLES IN LONDON

SEVEN EEC member states have come out clearly in favour of drafting a new Treaty of European Union designed to achieve a "qualitative leap" in the processes of economic integration and political co-operation.

Only Britain, Denmark and Greece are still refusing to endorse the idea of holding a special intergovernmental conference to draw up a treaty next summer. Their positions – with the British sceptical and hesitant, and the Danes and Greeks more directly opposed – are seen as confirming a basic divide in attitudes to the Community among its present membership.

The majority group, anxious to build on the present EEC treaties is dissatisfied with the working of EEC institutions and fearful of a complete standstill in the Community's development after Spain and Portugal join. The minority trio are seen as reluctant to push the process of integration any further and as taking their stand on the belief that progress can be achieved on the basis of the present EEC treaties providing the political will is forthcoming.

A report reflecting these divisions will be put to next week's summit meeting of EEC heads of government in Dublin. It has been drawn up by a committee, chaired by Senator Jim Dooge of Ireland, which was set up at the last summit in Fontainebleau at the initiative of France and West Germany.

The report includes far-reaching proposals to overhaul the Community, including restricting the right of member states to veto decisions, increasing the powers of the European Parliament, trimming the size of the European Commission, and giving greater weight to questions of political co-operation, security and defence.

The report is being submitted with reserves placed by individual members on a whole variety of specific proposals, including the British, Danish and Greek opposition to the idea of calling a treaty-drafting conference at the present time.

Mr Malcolm Rifkind, Britain's Minister of State at the Foreign Office, says that the plan is premature. British officials say the whole concept of European union is vague in the extreme. Mrs Thatcher, the UK Prime Minister, is particularly reluctant to support any initiative associated with the words "European union" for domestic political reasons.

Danish and Greek opposition is rather more fundamental, doubting the value of the whole movement towards greater European integration, which stems largely from the original six members of the Community.

The report, only finalised this week, does contain many of the British proposals to speed up the process towards creation of a genuine common market in the Community. They include a commitment to common European standards, a common transport policy – opening access to public contracts – and a common market in insurance. The report also backs substantial development of the European Monetary System.

Continued on Page 18

Reagan endorses limited competition for satellite links

BY NANCY DUNNE IN WASHINGTON

PRESIDENT Ronald Reagan has agreed to allow U.S. private-sector competition in international communications satellite systems. However, the Administration will restrict the scope for competition in an attempt to protect the financial viability of Intelsat, the 20-year-old consortium of 109 governments that holds a virtual monopoly over international satellite communications.

The White House decision, long delayed by disagreements between the State and Commerce Departments, has been strongly opposed by Intelsat. The organisation fears that competition on its profitable Atlantic route will undermine its ability to provide less lucrative services to Third World countries.

The U.S. Administration has, however, sought to protect Intelsat, and at the same time to avert another dispute with the EEC, by restricting competition to intra-company video, data and voice transmissions.

Private U.S. telecommunications services would not be allowed to carry communications between corporations or telephone calls

Administration officials say such limitations will protect about 85 per cent of Intelsat's revenues from competition.

Mr Mark Fowler, chairman of the Federal Communications Commission, is a supporter of free market telecommunications and has indicated that licensing decisions may be expected in the spring.

The inter-agency feud over which agency would take the lead on international telecommunications policy was formally resolved this month when the White House ruled that State and Commerce officials would alternate as chairman of a senior inter-agency steering group.

Intelsat operated last year at a $30m deficit, but new services and an increase in traffic are expected to bring in about $420m in revenues by the end of 1984. However, the consortium is facing several obstacles to profitability. A new transatlantic fibre-optic cable, built by AT&T and several European telephone networks is scheduled to go into operation in 1988.

Analysts believe that fibre-optic cable may emerge as the toughest challenge to Intelsat. A new Washington-based company called Tel-Optik has asked the FCC for permission to provide a private transatlantic fibre-optic cable by 1989.

Mr Frank Urbany, a commerce official, said the group would soon present recommendations to Intelsat to strengthen its competitive position. The group wants greater pricing flexibility so that Intelsat can meet the prices of its competition and it is considering moves to reduce the use of middlemen, such a Comsat, the U.S. telecommunications agency.

The State and Commerce Departments also issued a joint statement giving notice that they would soon recommend to the FCC that Intelsat be allowed to deal directly with communications carriers other than Comsat for competitive services.

The U.S. is not the first Intelsat member to allow private competition. There is Arabsat, which provides telecommunications services in the Middle East, Eurtelsat in Europe and Polapu in the Association of South East Asian Nations (Asean) countries.

Threats to the North Atlantic market, which accounts for 40 per cent of Intelsat's traffic, are taken seriously indeed. Mr Richard Colino, Intelsat director general, has said the potential competition will force the consortium to raise rates

Toyoda in takeover talks for French machine tools maker

BY DAVID MARSH IN PARIS

TOYODA, the Japanese machine tools group, is holding talks with the French Government which could lead to it taking over H. Ernault Somua (HES), the struggling machine tool maker. HES has just filed for bankruptcy after the state decided last month to cut off cash.

The Government favours a "Japanese solution" to prevent HES going out of business, French Industry Ministry officials said last night.

As another sign of official willingness to work with the Japanese group, Renault, the state motor manufacturer, yesterday announced a technical accord with Toyoda under which the companies will collaborate to make a new range of robot assembly equipment.

Toyoda already has a joint subsidiary with HES in making machining centres.

It has been poised to take a fuller financial interest in HES since the full extent of the French company's worsening losses was revealed in the late summer.

The Government has now, however, confirmed for the first time that "exploratory talks" are going on with the Japanese group taking over HES.

The company, one of the most prestigious names in the French machine tools industry and once the leading lathe manufacturer, is formally owned by the private sector Empain-Scheider conglomerate, although this group is no longer involved in the rescue talks.

The Government has provided about FFr 400m ($42.5m) to keep HES in operation over the last two years. Its filing for bankruptcy on Tuesday – after losses of FFr 239m last year, about the same as its turnover – came after the Government had set a deadline of end November for ending state support.

A crucial factor in the HES saga has been the reluctance of Intelaumatisme, the Government-supported machine tools group which is still losing money, to make a bid to take over the company.

Intelaumatisme has suggested simply taking management control.

Because of Intelaumatisme's own problems, officials said last night that the Government was not trying to push too hard for an all-French solution. The Government's first concern is to maintain as many jobs as possible

RCA, Sharp in joint venture

BY LOUISE KEHOE IN SAN FRANCISCO

RCA CORPORATION, the U.S. consumer electronics and communications company, has signed an agreement in principle with Sharp Corporation of Japan to form a joint venture for the design, development and fabrication of very large-scale integrated (VLSI) circuits in the U.S..

RCA said details of the venture were still being negotiated in Japan and the agreement was subject to the approval of the boards of both companies and regulatory bodies. The companies have, however, agreed in principle jointly to fund the construction of a "world class" semiconductor production facility in the U.S..

Although neither company will comment on the cost of such a facility, U.S. industry experts say it would be about $100m. RCA says it will fund 51 per cent of the venture and Sharp 49 per cent.

The venture marks RCA's entry into the VLSI market, which includes state-of-the-art microprocessors and memory chips. RCA currently manufactures less complex integrated circuits, and ranks as the ninth largest in the U.S. in the field, with sales of $315m in 1984, according to Integrated Circuit Engineering (ICE) a U.S. market research firm. Sharp is the ninth-largest Japanese integrated circuit maker, according to ICE, with sales of $250m forecast for 1984.

The companies will develop complementary metal oxide semiconductor (CMOS) circuits. RCA invested the CMOS process 20 years ago, but has since lost its lead in that technology.

CONTENTS

David Marsh examines the contradictions between banking and socialism

A banking relationship full of ambiguities

"WE'RE IN a relatively satisfactory position. There are the smaller cases, for example, where 50 jobs are threatened in a shoe factory in a minister's constituency, and we are asked to put up FFr 1m (£88,500). But the big dossiers are less than in 1983."

One of France's most seasoned professional bankers at a leading nationalised institution, no great friend of the Socialists, thus sums up this year's waning of government pressures on the banks to bail out companies in distress.

Just over 2½ years after the sweeping nationalisations of 1982 which gave the Government almost complete control over the commercial banks, the slackening of pressure is of course only relative.

Ministers may have surprised many bankers by not pressing the banks this summer into carrying out another rescue package for Creusot Loire, the now-bankrupt engineering group.

But a FFr 4bn low-interest loan for tyre maker Michelin has just been put together partly as a result of direct contacts, bankers say, between President Francois Mitterrand and M Francois Michelin, the company's chairman.

And several Paris bankers, in both foreign and French banks, believe that pressures for banks to make more low-cost loans to nationalised industries—heavily loss-making Renault for example—may build up next year.

A key test of whether the Socialists maintain a generally less interventionist approach towards the banks will come in a series of discreet meetings between the Finance Ministry and the Bank of France over the next few months.

The authorities are planning a new series of targets over five years to improve the banks' capital backing, which is sadly inadequate.

The present system is based on requiring banks progressively to take steps to boost their capital ratios — permanent capital resources compared with total credits — towards 5 per cent, compared with present ratios of around 3 to 4 per cent for the biggest banks.

The system was laid down in 1979 under the guidance of M Renaud de la Geniere, the governor of the Bank of France for the past five years, who was replaced earlier this month by M Michel Camdessus, the former Treasury director.

The next target date by which the banks have to meet existing Bank of France guidelines is June 30 next year. After that, the current Bank of France view is that the requirements should be tightened to force the banks to move more quickly towards a 5 per cent ratio, perhaps by setting annual targets rather than the existing system of setting guidelines every three years.

The Banking Regulatory Committee, chaired by M Pierre Beregovoy, the Finance Minister, with M Camdessus as vice-chairman, is expected to take a decision early next year on whether to adopt the central bank's recommendations.

It will have important political implications. A move further to tighten capital rules would require that the nationalised banks place greater emphasis on profitability, reducing their ability to make low cost loans to industry.

The Government has made clear that budgetary funds for bank capital increases are available only in exceptional cases. Tighter capital requirements would therefore encourage banks to retain a greater percentage of their earnings as reserves, reducing dividend and other pay-outs to the state.

Left: M Pierre Beregovoy, French Finance Minister, tackling the bankers. Right: M Daniel Deguen, dismissed chairman of Credit Commercial de France.

Such a move would also propel the banks further along their current path of boosting capital resources by issuing non-voting loan stock (*titres participatifs* and preference shares (*certificats d'investissement*) to private shareholders. Some observers see these measures as preparing for eventual de-nationalisation, which the Right has promised to carry out if and when it returns to power.

The Big Three French banks nationalised since 1945, as well as the institutions taken over in 1982, admit that state ownership helps protect them from a more rigorous examination on foreign financial markets of their weak capital base.

Bank of France officials however say that the aim eventually is to bring French banks in line with international standards of capital adequacy, regardless of whether they are nationalised or not.

The Government's attitude towards the banks is ambiguous.

M Beregovoy himself has recently multiplied assurances that he wants to free the banks, and the financial system generally, from controls and bureaucracy.

Earlier this month, however, President Mitterrand himself hinted that moves to allow banks free rein to operate on profit-oriented lines could run into opposition.

M Mitterrand has been a strong critic in past years of the private banks' keenness, under the previous right-wing governments, to maximise short term gains.

Echoing the frustration of M Pierre Mauroy, his first Socialist Prime Minister, who said at the end of 1982: "We have nationalised the banks, but not the bankers."

The degree to which the Government imposes its will on the banks over matters such as bailing out troubled companies in practice depends crucially on the bankers themselves.

The Government in 1982 sacked the chairmen of all 39 previously- and newly-nationalised banks, and replaced them with men of its own choosing.

This led to a wasteful removal of managerial talent (for instance M Claude Pierre-Brossolette at Credit Lyonnais, who is now running a small private bank, Banque Stern, or M Jacques Calvet at Banque Nationale de Paris, now chairman of the Peugeot group) and the nomination of incompetent figures at the helm of some minor institutions.

But it did push into the top jobs a number of mainly able chairmen who have proved more adept than expected at standing up to the Government to defend principles of banking prudence.

M Jacques Mayoux, for instance the Societe Generale chairman, is known to have annoyed the Government over his outspokenness. M Jean Peyrelevade, the Socialist banker chosen to head the Suez group, has drawn praise even from conservative-leaning businessmen over his hard-headed approach.

So long as the state has control of the banks, it has potential to remove chairmen who fall from favour. This was underlined by the dismissal this summer of M Daniele Deguen, the previous Credit Commercial de France chairman.

But while M Beregovoy maintains his public crusade to bring more liberalism into economic policy, nationalised bankers may continue to benefit from more freedom of action than many had expected.

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Cyprus talks adjourned after offer from Turkey

By Andriana Ierodiaconou in Athens

THE THIRD and final round of UN-sponsored Cyprus peace talks, which began in New York on Monday, has been adjourned for 18 days while the Greek Cypriot side considers a new offer on territory put forward by Mr Raouf Denktash, the Turkish Cypriot leader.

Mr Denktash has reportedly proposed that the Turkish Cypriot community, about 18 per cent of the population of Cyprus, should keep approximately 30 per cent of the island's territory in the bizonal federal republic, which both sides agree should be the general framework for a solution.

The Turkish Army occupies about 37 per cent of Cyprus, of which Mr Denktash has said he is only willing to concede 2 to 3 per cent.

The Greek Cypriots want territory to be shared 75 per cent to 25 per cent. A major concern is how many of the 170,000 Greek Cypriot refugees created by the Turkish occupation will be able to return to their homes under the final territorial settlement.

Greek Cypriot officials remained cautious yesterday before the improved Turkish Cypriot offer, pointing out that territory is only one important facet of a Cyprus solution. Another is the sharing of constitutional power between the two Cypriot communities.

Turkish Cypriot demands for an alternating presidential system and separate ethnic majorities in parliament on security issues posed serious obstacles to agreement in the first two rounds of talks in September and October.

The withdrawal of the Turkish occupation troops and the guarantees for a Cyprus settlement are also sticking points.

Nevertheless, the Greek Cypriots now admit that Mr Denktash has scored a tactical victory, placing Cyprus President Spyros Kyprianou in a difficult diplomatic position.

Martens to warn Cabinet of splits on missile deployment

BY PAUL CHEESERIGHT IN BRUSSELS

MR WILFRIED MARTENS, the Belgian Prime Minister, will seek to squash an outbreak of squabbling in the Christian Democrat-Liberal coalition over the deployment of cruise missiles when the cabinet meets today.

He will warn factions in the coalition that the economic programme of the Government—major legislation has to go through parliament by the end of the year—will be in jeopardy if the squabbling leads to resignations and the collapse of the coalition.

Both the Christian Democrats and the Liberals are agreed that the coalition should see out its full term. A general election is due in the second half of next year.

Mr Martens has already warned that this prospect is threatened both by the missile issue and continued arguments between the Dutch speakers of the north and French speakers of the south.

The dispute over missile deployment began a week ago between Mr Frank Swaelen, president of the Flemish Christian Democrats and chief of the party apparatus, and Mr Jean Gol, the vice prime minister and senior French-speaking Liberal in the cabinet.

It has since broadened to encompass other personalities in the ruling majority and given an opportunity for the Flemish Socialists and the Volksunie, the Flemish nationalist party, to pres the opposition line of ne deployment.

Mr Swaelen has been saying that there must be a delay in the deployment of missiles because of the imminent Geneva disarmament talks between the U.S. and the USSR. Mr Gol says the security position is unchanged and therefore missile deployment must go ahead.

The forthcoming U.S.-Soviet nuclear disarmament talks are no grounds for postponing deployment of missiles, a senior U.S. Nato official said yesterday. Speaking prior to next week's Nato ministerial meeting, the official pointed out that the initiative constituted "talks about talks" and did not yet necessarily mean a return to negotiations. "There is not an alliance leader who thinks that the Soviets should be rewarded for returning to the table," he said.

The dispute was clearly triggered by the announcement that the disarmament talks are to be resumed. But the argument also reflects an early outburst of electoral fever and the knowledge that the coalition has to review the missile deployment issue at the end of December.

It has been given extra piquancy by the fact that in March technical preparations for the stationing of missiles at Florennes, to the south of Brussels, will be advanced enough to permit the deployment of 16 of the 48 missiles destined for Belgium.

To some extent the arguments seek to pre-empt a decision the government is not yet in a position to take.

Since 1979 the policy of successive governments has been that while technical preparations for missile deployment should go ahead, the actual deployment could only take place after a positive decision by the government.

Government spokesmen have made clear this week that there will be no decision on deployment until the results of the Geneva talks are known.

Warsaw Pact backs talks

RENEWED NEGOTIATIONS between the U.S. and the Soviet Union on arms control could have a positive effect on the Vienna talks on reducing conventional forces in Europe, a Warsaw Pact spokesman said yesterday in Vienna, Patrick Blum writes from Vienna.

"Everybody was very much encouraged by the news that initial talks between the Soviet Union and the U.S. will be taking place," Mr Krzysztof Stronczynski, the Polish spokesman, said after yesterday's round of talks here.

For the first time in months the carefully worded Warsaw Pact statement did not include mention of East-West tension and criticisms of the U.S.

Company Notices

ANCIENNE UNION MINIERE EN LIQUIDATION
Registered Office: avenue Louise 54, 1050 Brussels
Brussels Trade Register no. 13.377

NOTICE TO SHAREHOLDERS

The shareholders are invited to attend the Extraordinary General Meeting which will take place on Tuesday 18 December 1984 at 10.30 a.m. at Société Générale de Belgique, rue Royale 30, Brussels.

AGENDA

1. Closing report of the liquidators.
2. Appointment of the auditor.
3. Ratification of the notice convening the second Extraordinary General Meeting to be held on the same day and in the same place at 11 a.m. with the following items on the agenda:
   a. Report of the auditor.
   b. Approval of the liquidation accounts.
   c. Discharge to be given to the liquidators.
   d. Conservation of the company's books and documents and deposit in safe keeping of the assets accruing to the shareholders.
   e. Closure of the liquidation procedure.

In order to be admitted to this meeting holders of bearer shares must deposit their shares (no par value shares, tenths of no par value shares or exchange certificates) with one of the following financial institutions on or before Tuesday 11 December 1984:

Belgium:
Société Générale de Banque, Brussels, or one of its other regional offices or branches.

France:
Banque Belge (France), 12 rue Volney, 75002 Paris.

Netherlands:
Amsterdam-Rotterdam Bank, Herengracht 595, 1001 Amsterdam.

Holders of bearer shares will be admitted to the meeting on production of a certificate from one of the above banks indicating the identity of the holder of the shares and confirming that the shares will remain on deposit from 11 to 18 December 1984 inclusive.

Holders of registered shares must inform the company by Tuesday 11 December 1984 that they intend to attend or be represented at the meeting.

Proxies, granted in accordance with article 30 of the memorandum and articles of association, must be lodged with the company's registered office at avenue Louise 54, 1050 Brussels on or before Tuesday 11 December 1984.

Shareholders can obtain proxy forms from the company's registered office and from the above-mentioned banks.

THE LIQUIDATORS

REFINERIA DE PETROLEOS DEL NORTE S.A. PETRONOR

Loan of U.S.$15,000,000
8½% 1971/1986

We inform bondholders that the US$1,500,000 redemption instalment due on December 30 1984 was partly met by purchases in the market.

For the redemption of the remaining amount of US$537,000 due, a draw by lot took place in the presence of Madame Jeanne HOUSSE, notary public in Luxembourg.

Consequently, the 537 bonds of US$1,000 numbered:

9045 to 12314 inclusive

taking account of numbers already drawn for preceding instalments, will be redeemable at par, coupons at December 30 1985 and subsequent attached, as from December 30 1984, date at which they will cease to bear interest.

Redemption and payment of interest will take place at the following Banks: CREDIT LYONNAIS, Luxembourg—CREDIT LYONNAIS, Paris—CREDIT LYONNAIS, New York—CREDIT LYONNAIS, Brussels, CREDIT COMMERCIAL DE FRANCE, Paris—KREDIETBANK S.A. LUXEMBOURGEOISE, Luxembourg—KREDIETBANK N.V., Brussels—COMMERZBANK A.G., Frankfurt—BANCO DI ROMA, Rome—AMSTERDAM-ROTTERDAM BANK N.V., Amsterdam—BANCO DE BILBAO, Bilbao—BANCO DE VIZCAYA, Bilbao.

The following notes drawn during 1983 have not yet been presented for reimbursement: [illegible]

Amount not yet redeemed after this thirteenth instalment: US$3,700,000.

The Fiscal Agent
CREDIT LYONNAIS
Luxembourg

MAFINA B.V.

NOTICE

TO THE HOLDERS OF BONDS OF THE ISSUE 4¾% 1973/1988 OF U.S.$75,000,000

Notice is hereby given to the holders of bonds that the 2nd annual instalment of bonds amounting to U.S.$12,000,000 has been purchased for redemption on January 1, 1985 and that consequently no drawing by lot will take place.

Amount outstanding on January 1, 1985: U.S.$48,000,000.

By
BANQUE INTERNATIONALE A LUXEMBOURG S.A.

Luxembourg, November 30, 1984.

JUGOBANKA
United Bank
U.S. $50,000,000
Floating Rate Notes due 1989

For the six months to 30th May, 1985 the Notes will carry an interest rate of 10½% per annum.

Coupon values will be:
$1,000 Notes $52.79 $10,000 Notes $527.92

Barclays Bank International Limited, London
Agent Bank

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
(Incorporated in the Republic of South Africa)

Dividend No. 111 on Preferred Stock

[illegible] for the six months ending December 31, 1984, has been declared payable on February 1, 1985 to holders of the six per cent cumulative preferred stock who are registered in the books of the [illegible] December 21, 1984, and to persons presenting coupon No. 112 detached from stock warrants to bearer.

The stock transfer registers and register of stockholders will be closed from December 22, 1984 to January 4, 1985, both days inclusive, and warrants dated February 1 1985 will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about January 25, 1985.

Registered stockholders paid from the United Kingdom will receive the United Kingdom currency equivalent on December 27 1984 of the rand value of their dividends (less appropriate taxes). Any such stockholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the Corporation's transfer secretaries on or before December 21 1984.

The dividend on stock warrants to bearer will be payable to persons presenting coupon No. 112 detached from such warrants, only at the Coupons Department of Hill Samuel & Co. Limited, 45 Beech Street, London EC2P 2LX. The effective rate of non-resident shareholders' tax is 14.1291 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the Corporation and at the offices of the Corporation's transfer secretaries, Consolidated Share Registrars Limited, 1st Floor, Edura, 40 Commissioner Street, Johannesburg 2001 and Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL.

By order of the board
C. L. MALTBY
Secretary

Head Office: 44 Main Street, Johannesburg 2001
London Office: 40 Holborn Viaduct, London EC1P 1AJ
November 30 1984

Parliamentary Notices

LLOYDS BANK (MERGER)

NOTICE IS HEREBY GIVEN that application is being made to Parliament in the present Session by Lloyds Bank PLC ("Lloyds") and Lloyds Bank International Limited ("LBI") for an Act under the above name or short title for purposes of which the following is a concise summary:

To provide for the vesting in Lloyds of the undertaking of LBI on a date to be determined by the directors of Lloyds in relation to the whole or any part of the undertaking, and on subsequent dates of any remaining part thereof, so as to vest in Lloyds all property, rights and liabilities of, or held by, LBI in connection with the said undertaking (including property held as trustee): the validation of references in deeds, wills and other instruments; staff employment and pension rights; the saving of contracts, statutory provisions and other documents, powers, authorities, negotiable instruments, bailment, securities and proceedings and the provisions of the Bankers' Books Evidence Act 1879; the continuance of accounts and of interests in land; and to make further provision supplementary to or consequential upon the purposes aforesaid, including the application of the intended Act to Scotland and Northern Ireland.

On and after 4th December 1984 a copy of the Bill for the intended Act may be inspected and copies obtained at the price of 50p each at the head office of Lloyds at 71 Lombard Street, London; at the head office of LBI at 40-46 Queen Victoria Street, London; at the offices of Messrs. Murray, Beith & Murray at 39 Castle Street, Edinburgh; at the offices of Messrs. L'Estrange & Brett, at 7-9 Chichester Street, Belfast; and at the offices of the undermentioned solicitors and Parliamentary Agents.

Objection to the Bill may be made by depositing a Petition against it. If the Bill originates in the House of Commons the latest date for depositing such a Petition in the Private Bill Office of that House will be 30th January 1985; if it originates in the House of Lords the latest date for depositing such a Petition in the office of the Clerk of the Parliaments in that House will be 6th February 1985. Further information may be obtained from the Private Bill Office of the House of Commons, the office of the Clerk of the Parliaments, House of Lords or the undermentioned Parliamentary Agents.

DATED 30th November 1984.

LINKLATERS & PAINES
Barrington House,
59-67 Gresham Street,
London EC2V 7JA.
Solicitors.

SHERWOOD & CO.
Queen Anne's Chambers,
3 Dean Farrar Street,
Westminster,
London SW1H 9LG
Parliamentary Agents.

EUROPEAN NEWS

EEC ministers rebuff parliament over rebate

BY QUENTIN PEEL IN BRUSSELS

EEC BUDGET ministers, yesterday rejected an attempt by the European Parliament to dictate how Britain's Ecu 1bn (£599m) budget rebate will be paid next year.

They overruled an amendment to the 1985 EEC Budget which would have put the British rebate, along with payments to West Germany, into specific spending areas, rather than simply allowing both countries a reduction in their contributions to Brussels.

The decision came after a heated three hour meeting between the ministers in the Budget Council and leading members of the European Parliament, to discuss the Ecu 3bn of amendments proposed by the MEPs to the original Ecu 25.9bn budget.

The MEPs insist that the draft budget proposed by the ministers will finance no more than ten months' committed spending next year, and is therefore both nonsensical and illegal.

However, Mr Jim O'Keefe, the Irish chairman of the Budget Council, argued that it was Parliament's version that was illegal, because it proposes to spend more money than is currently available to the European Community from the contributions of member states.

Parliament has called on the Ten to provide an advance of cash against the proposed increase in contributions from the present 1 per cent VAT ceiling to 1.4 per cent in 1986.

Despite the heated exchanges ministers were last night seeking to find a formula to commit themselves more specifically to finding extra money in the course of 1985. This would be needed both to finance the Ecu 1.5bn for the British and German rebates, and Ecu 1.3bn for the Common Agricultural Policy, which has been arbitrarily cut by that amount.

However, the ministers were adamant that they would not give in on the question of how the British and German rebates will be paid. The MEP's had called for the money to be tied to projects such as job creation, energy, transport and urban renewal.

The redrafted budget which emerges from the Budget Council has to be resubmitted to Parliament in two weeks' time and feeling is running very high among MEP's that they will reject it if it still fails to cover what they regard as inevitable spending of some Ecu 29bn in 1985.

French car price rise to stem losses

By David Housego in Paris

THE FRENCH Government has decided to allow French automobile manufacturers to raise their domestic prices by an average 2 per cent as from December 15.

The increase means that Renault, the state-owned group and Peugeot, the privately owned manufacturer will have been allowed to raise prices by a total of 7.7 per cent this year —or more than France's anticipated 7 per cent inflation rate.

The exceptional measure is intended to help Renault in particular stem losses which are likely this year to mount to FFr 7bn (£614m). Peugeot is hoping to break even after being in the red for some years.

The Government is also to assist Renault with further subsidised loans though the amount of these is still under negotiation. This is in addition to a FFr 716m conversion of debt into capital announced as part of the Government's recent supplementary budget. Renault is transferring these funds to its wholly owned heavy vehicles subsidiary.

In contrast the government has been asking other nationalised industries to pay back in advance subsidised credits advanced to them.

The government is seeking the funds to ease its own budgetary difficulties while arguing that with the lowering of interest rates the nationalised industries can raise fresh funds almost as cheaply on the French capital markets.

Jaruzelski welcomes loosening of sanctions

BY CHRISTOPHER BOBINSKI AND DAVID BUCHAN IN WARSAW

WESTERN ministers will not be welcome in Warsaw if they show, by paying court to opposition forces in Poland, that they regard Socialism as "something provisional" in Poland; General Wojciech Jaruzelski has made clear.

In his first open press conference since martial law in 1981 the Polish ruler welcomed partial signs of an end to his country's ostracism by the West. But he said: "We will not pay for favours with concessions," in reference to the prospect of Herr Hans Dietrich Genscher, the West German Foreign Minister, making the trip to Warsaw which was postponed last week, and to the U.S. lifting its remaining sanctions.

Western governments faced a "question of political choice, whether Socialism is regarded as something provisional or something permanent—it can only be the latter," the General said.

Discussions with Solidarity activists and homage at the grave of the murdered Solidarity priest Father Jerzy Popieluszko featured prominently in the recent visit to Warsaw of Mr Malcolm Rifkind, the British Foreign Office Minister. They were controversial issues, too, in last minute planning for the Genscher visit and will inevitably surface in forthcoming diplomatic visits.

The General used the presence of many foreign journalists from East and West—invited here ostensibly to discuss the journalists' role in promoting peace but in reality more to mark Poland's emergence from the diplomatic shadows—to appear in full uniform and to mix overtures to the West with some sharp criticism.

He said many setbacks "had reduced the Bonn coalition Government's Ostpolitik to a 'fiasco,' but Poland understood the Nato and U.S. pressure on West Germany and was still ready to welcome its Foreign Minister, whose public statements are marked by realism and understanding on Polish issues."

In a more caustic vein he attacked both the U.S. and France. The Reagan Administration was taking U.S. foreign policy through a "second childhood" and was trying to delete "Poland from the world scene."

In a rare quip in an even rarer press conference, he said that if a medal were struck for services to Comecon integration it should go to President Reagan for the way his sanctions had forced Poland to trade more with its Eastern neighbours. He hoped sense would prevail soon and sanctions end.

Relations with the French Government, which has made no ministerial contact with Warsaw, were "regrettably bad." With apparent emotion he cited a French radio report suggesting that he might have been implicated in the Popieluszko murder.

W. German engineering orders increase by 27%

BY JONATHAN CARR IN FRANKFURT

THE West German mechanical engineering industry is surging ever more strongly out of recession, buoyed by a boost in orders of 27 per cent in real terms in October against the same month last year.

The foreign orders intake alone was up by a real 31 per cent, thanks not least to the competitiveness of D-mark priced goods against those priced in the high-flying U.S. dollar.

But a rise of 23 per cent in domestic orders confirms that home demand has fully recovered from its weakness in the first half, partly induced by the metalworking strike in the spring.

With the rate of industrial investment at home projected to increase steadily, the outlook for the engineering sector in 1985 is also widely felt to look good.

None the less Dr Hans Friderichs, chief executive of the Dresdner Bank, sounded a note of warning in comments here this week on the engineering results and export prospects generally.

He stressed that the current distortion of exchange rates could give the West Germans—and the other Europeans whose currencies were undervalued against the dollar—a false sense of industrial competitiveness.

He urged companies not just to seize all the present market opportunities but to plan for the future in the knowledge that the exchange rate situation could change quickly, and basically, in their disfavour.

IBH Holding's founder jailed

BY JONATHAN CARR IN FRANKFURT

HERR HORST Dieter Esch, founder of the West German construction machinery group IBH Holding which collapsed a year ago, has been sentenced to 3½ years' jail for breach of trust and giving false information. Herr Esch pleaded guilty to the charges.

The sentence came yesterday, only hours after Herr Esch's trial opened before a court in Hanau

The court had originally set aside at least six days for hearings, which were due to concentrate on Herr Esch's role as head of the supervisory board of Wibau.

AMERICAN NEWS

Doubts cloud Duarte peace talks

BY DAVID GARDNER IN SAN SALVADOR

THE SECOND round of talks aimed at ending El Salvador's five-year-old Civil War opens near the capital today shrouded in doubts that they have attracted political support sufficient to advance towards peace.

Representatives of President Jose Napoleon Duarte's Christian Democrat-led and U.S.-backed Government are to meet *left-wing insurgent leaders at* a Catholic retreat centre in Ayagualo, 10 km south-west of San Salvador.

Last month's meeting in La Palma, a rebel-controlled town near the Honduras frontier, raised high expectations among El Salvador's war-sickened population, ground down by the loss of over 50,000 lives.

These hopes have been dampened by the lower rank of the delegations *to today's talks, but* above all by growing signs of institutional opposition to the peace process.

The La Palma talks, where Sr Duarte met Dr Guillermo Ungo, the exiled Social Democrat and senior insurgent leader, triggered a kind of national catharsis.

The symbolism and spectacle of the meeting between the country's two front-ranking politicians—*adversaries now but* who together fought and won the 1972 election, fraudulently stolen by the civilian and military far-right—led to a mass upsurge of agitation for peace.

The Government is sending Sr Duarte's three closest political aides, accompanied by Col Reynaldo Lopez Nuila, the deputy Interior Minister. The rebels are following suit, sending one recognised military commander and substituting Dr Ungo with his number two, Dr Hector Oquell.

However, there will again be no representative from the largest guerrilla group, the *People's Revolutionary Army* (ERP). Sr Joaquin Villalobos, the ERP leader considered the first among equals among the the insurgent commanders, did not attend the La Palma meeting, allegedly because of logistical problems.

Though Sr Ruben Zamora, the dissident Christian Democrat leading the rebel team, is understood to enjoy Sr Villalobos's confidence, the ERP is both the most accomplished fighting force and the most politically maverick rebel faction, and its attitude to the talks appears ambiguous.

But the main doubt over the talks' future comes from the *far right's increasingly overt* hostility towards them.

Major Roberto D'Aubuisson, the leader of the neo-fascist Arena Party, who has been linked to the paramilitary death squads, has been visiting army garrisons across the country in recent weeks.

Eleven of El Salvador's 20 senior field commanders are *former members of Major D'Aubuisson's military academy* class or "tanda," which remains one of the most cohesive institutions in the Salvadorian conflict.

Sr Duarte's notions of reform and dialogues, by contrast, are profoundly mistrusted within the army, where the Christian Democrat President's past links with the Left are not forgotten.

Some Duarte aides are also concerned at what they see as the equivocal attitude of the U.S. towards the talks. Sr Duarte's Government depends almost entirely on Washington's economic and military support both to continue prosecuting the war and hold off the civilian and *military far Right. Without* U.S. backing, the peace process has a bleak future.

Early hopes for a ceasefire agreement being reached at this meeting have receded. The army appears to have set its face against a measure it believes will confer further legitimacy on the rebels and moreover formalise their hold on about a third of the country.

The guerrillas nevertheless *intend* to present "proposals leading to a ceasefire," Dr Oquell said.

"Negotiations have to start from the premise that there are two armies (in El Salvador); we have to recognise it and they have to recognise it," he said.

Pinochet's crackdown sharpens conflict

BY MARY HELEN SPOONER IN SANTIAGO

THE SUBDUED public response this week to the Chilean opposition's call for a day of protest and general strike has given General Augusto Pinochet's military regime an encouraging boost and underscored the organisational shortcomings of Chile's dissident political groups.

The events on Tuesday and Wednesday generated far fewer expressions of anti-government sentiment than had occurred during past demonstrations. There was little noise of pots and pans—banging pots is the traditional form of peaceful protest—in the capital's middle class and affluent neighbourhoods. And with preventive mass arrests by the army and police in poorer areas the general level *of disturbances was noticeably* less than during previous protests.

The few barricades erected by slum residents were quickly torn down by soldiers who fired warning shots into the air.

The protest and strike were called by the Democratic Popular Movement—a coalition of communist and socialist leaders, several Chilean community organisations, the National Labour Command—which has suffered internal divisions in the past over the issue of whether to attempt a general strike, and the multipartisan Democratic Alliance, the coun*try's most influential opposition* group.

But the Democratic Alliance joined the call for the protest strike rather halfheartedly, perhaps considering that it had no other choice under the state of siege.

Another, unspoken factor was the alliance's fear that the protest movement was in danger of being taken over by the Chilean left.

The Chilean opposition as a whole has yet to devise new and effective tactics for protesting under the state of siege. With the Chilean summer beginning, activity in general tends to decrease and the Democratic Alliance seems unlikely to attempt any further government activity before next March.

Chilean authorities took pains to avoid any mention of the planned protest and strike in their public statements, while the country's media remained under strict censorship. As a result, Santiago has become awash with rumours in recent weeks.

One popular story circulating last week said that General Fernando Matthei, junta member and air force commander, had been placed under house arrest, and that General Pinochet was looking for another air force general willing to succeed him.

El Mercurio, Chile's largest newspaper, managed to scotch this rumour by printing a brief report on General Matthei's activities the previous day.

If the Pinochet regime has been at least temporarily successful in thwarting its political opponents, it has had less luck in eliminating terrorist activity—the stated reason for imposing the state of siege.

Bombs have exploded in Santiago almost every night since the state of siege was imposed, including a number of car bombs.

Chilean authorities believe they are facing an incipient urban guerrilla movement, though publicly they have maintained that the number of terrorist actions has been reduced under the state of siege.

Opposition leaders have condemned the terrorist bombings but expressed fears that the regime's crackdown could eventually lead to a Central America-style conflict, with the moderate opposition destroyed and only the extremes left. This view is shared even by certain pro-government politicians.

"There is a kind of war going on in Chile, with the Government on one side and the Communists on the other," Frederico Willoughby, a right-wing political leader commented. "The moderates are caught in the middle."

Argentina sees Rock pact as key precedent

By Tom Burns in Madrid

TUESDAY'S Anglo-Spanish agreement over the Gibraltar dispute was a key precedent that underlined the "irreversible nature of the de-colonisation process," Sr Dante Caputo, Argentina's Foreign Minister, said in Madrid yesterday.

Referring to the Falklands dispute, Sr Caputo said it *would be increasingly difficult for Britain to reject negotiations.* But he added: "Unfortunately, British intransigence continues and there is no sign of any immediate possibility of this changing."

Sr Caputo was speaking at Madrid Airport on his way to the Vatican for the initialling of the agreement with Chile over the Beagle Channel.

For Sr Caputo, as for Madrid officials and the Spanish public, the crucial element in the undertaking to start negotiations over Gibraltar is not the Spanish decision to lift restrictions on the Rock, but the British counter-concession to discuss sovereignty.

Jimmy Burns in Buenos Aires writes: **Argentina and Chile yesterday initialled the agreement in Rome ending the century-long dispute over the Beagle Channel which led the two countries to the brink of war in 1978.**

The agreement grants Chile the three small islands of Lennox, Picton, and Nueva to the south of Tierra del Fuego. In return, Argentina gains far greater control over the potentially oil-rich South Atlantic, extensive navigational rights between the islands, and a clear-cut territorial seperation in the Magellan Straits curbing Chilean rights to the ocean.

The agreement must be approved by the Argentine parliament and finally ratified by President Raul Alfonsin.

Chile's president, Gen Augusto Pinochet, can only ratify it once he has the formal approval of the ruling junta which has legislative powers.

Kohl and Reagan to meet on arms

BY PETER BRUCE IN BONN

CHANCELLOR HELMUT Kohl, the West German leader, is due to meet President Reagan in Washington today in a one-day summit arranged soon after Mr Reagan's re-election on November 6.

The talks, which will include the Bonn Foreign Minister, Herr Hans-Dietrich Genscher, were originally billed here as an opportunity for Herr Kohl to press the White House to seek an early resumption of arms talks with Moscow.

Although the U.S. and the Soviet Union have already announced that they plan to do just that next year, the Kohl mission has not been deprived of substance. The Chancellor, invited to Washington by the U.S., is understood to have taken with him a memorandum outlining current Soviet thinking on arms reduction, handed to him by the Soviet ambassador in Bonn last week.

Observers in Bonn also believe it will be difficult for the Chancellor not to raise the serious row over steel tube imports between the U.S. and the EEC, in addition to the more general discussions he wants to have on East-West relations and on improving unity within Nato on strategy and defence spending.

The visit is Chancellor Kohl's fourth to the U.S. since he became Chancellor two years ago and although he is understood to have consulted with the other major Nato partners in Europe, his office has been stressing that he is not travelling as a European spokesman.

Rather, he is likely to use his discussions with the U.S. President, Mr George Shultz the Secretary of State, Mr Caspar Weinberger, Defence Secretary, and Mr George Bush, the vice-president, to gauge just how seriously the U.S. intends to negotiate with Moscow.

Next year's U.S.-Soviet arms talks are likely to have a direct bearing on the fate of West Germany's Ostpolitik, which took a beating earlier this year when two East European leaders cancelled visits to Bonn and which has been further damaged by the cancellation last week of Herr Genscher's planned trip to Poland.

Argentina releases report on human rights violations

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA'S painful rediscovery of its recent history took a significant step forward yesterday with the release here of a detailed report on human rights violations committed by the former military regime.

The report, based on evidence collected by the National Commission of the Disappearance of Persons and formally endorsed by President Raul Alfonsin, aims to give public airing to a subject that was virtually taboo here until democratic elections were held in October last year.

Titled "Nunca Mas" (Never Again), the report recommends that abduction and torture in Argentina should be declared "crimes against humanity" and that civilian courts should use the evidence to secure an early judgment against those responsible.

"Nunca Mas" is published in a 500 page paperback coloured blood red and has an accompanying annexe with the names of the victims.

It chronicles the torture and summary execution of men, women and children who were abducted from the streets or from their homes and held on an estimated 340 detention camps around the country.

The report records 8,960 Argentines as "missing" and presumed killed, but stops short of publishing a separate list of those responsible. This minor censorship, widely seen as a further concession to the armed forces was criticised yesterday by the Mothers of May.

Buried in the documented cases of human rights violations are, however, the names of military officers, doctors, journalists, and even priests, who are alleged to have collaborated in the repression.

LIAT turns down EEC loan offer

By Canute James in Kingston

THE 13 COMMONWEALTH Caribbean countries that own Leeward Islands Air Transport have formally told the European Commission that there is no longer any interest in a $20m loan, offered by the European Community, to buy new aircraft.

Mr Neville Nichols, vice-president of the Caribbean Development Bank, through which the loan was to have been channelled, said yesterday that the decision had been sent to the Commission after a meeting of the airline's shareholders.

The shareholders' meeting followed a breakdown in negotiations between the island-hopping commuter airline and the bank, on the *one hand, and the Commission on* the other. While the Commission insisted that LIAT should obtain the new ATR 42 aircraft, built by Aérospatiale of France, LIAT argued that it preferred the British Aerospace 748.

"The shareholders told the Commission that they could not accept the disagreements on the matter over the last three years," Mr Nichols said.

Administrator of EPA resigns

By Nancy Dunne in Washington

MR WILLIAM D. RUCKELSHAUS, who joined the Reagan Administration 20 months ago as Administrator of the Environmental Protection Agency (EPA), resigned late Wednesday saying "the ship called EPA is righted."

He came to the job during one of the worst Government scandals of the last four years, when the once-respected agency was under fire for abuse in its toxic waste management programme and its officials seemed intent on destroying the EPA's credibility.

Praise for Mr Ruckelshaus' tenure came from both Republicans and Democrats, who said he restored the agency's morale.

Mr Ruckelshaus is expected to return to Washington state where he may run for public office.

OVERSEAS NEWS

South Korea's rate of economic growth declines sharply

BY STEVEN B. BUTLER IN SEOUL

SOUTH KOREA'S rate of economic growth declined sharply in the third quarter, according to preliminary estimates released by the Bank of Korea.

Gross National Product increased 4.7 per cent in real terms over the same period of 1983. That compares with an 8.6 per cent growth rate in the first half of the year, bringing the overall growth for the first nine months of 1984 to 7.1 per cent.

The slowdown results in part from crop damage caused by extensive flooding in early September. The agro-fisheries sector recorded a 6.1 per cent decline during the period. The nation's vegetable crops, particularly red peppers, were severely damaged by the flood.

Investment in fixed assets during the period grew at a sluggish 3.6 per cent, with private-sector construction recording a gain of only 0.4 per cent.

Manufacturing increased at a healthy 11.9 per cent during the quarter.

Exports, however, were sluggish, increasing only 1.6 per cent, compared to a 9.2 per cent increase during the first half of the year.

Imports during the quarter soared 15.2 per cent, contributing to a larger-than-expected *balance-of-trade deficit.*

At the end of October, South Korea had a current account deficit of $1.54bn (£1.25bn) for 1984. The Government had hoped earlier to hold the current accounts deficit for the entire year to about $1bn.

The higher-than-expected deficit is attributed in part, to stockpiling of raw materials to take advantage of lower international prices.

Colombo acts on security

THE SRI LANKA Government yesterday announced a series of *wide-ranging emergency regulations*, including the formation of a prohibited zone, to counter what it regards as the most serious security threat in its contemporary history, AP reports from Sri Lanka.

Mr Lalith Athulathmudali, National Security Minister, told Parliament that Tamil separatists, with support from ... du state in south India, planned to attempt to eject security forces from northern Sri Lanka by the end of the year in efforts to set up a separate Tamil state there.

Yamani sees sharp rise in oil prices soon

BY KATHLEEN EVANS IN KUWAIT

SHEIKH Ahmed Zaki Yamani, Saudi Arabian Minister of Oil, has predicted a sharp rise in oil prices this winter and strongly criticised oil companies for "running down their stocks."

He ruled out any reduction in the price of Arabian Light crude, the Organisation of Petroleum Exporting Countries' reference which the industry generally believes is necessary to stabilise the oil market. In doing so, he implied that he was in favour of raising the levels for heavy crudes as an answer to the problem of differentials.

At the same time, Sheikh Yamani indicated that Saudi Arabia may again alter the mix of crude varieties in its export packages, raising again the Arabian Heavy component.

That would be in line with Saudi policy of reducing the amount of Arabian Light available and could help support the reference in the longer-term.

But Sheikh Yamani did not give this aim as a reason. "If we want to follow (Saudi) reserve/production figures (of the three main crude varieties), *I will have to reduce my heavy production,"* he declared.

From the beginning of October, Saudi Arabia raised the proportion of Arabian Heavy in its export "mix" from 20 per cent to 35 per cent and reduced Arabian Light from 60 per cent to 40 per cent. The balance is taken up by Arabian Medium.

Sheikh Yamani, and Sheikh Ali Khalifa al-Sabah, his Kuwaiti counterpart, both condemned the "dangerous games" which, they said, were being played by the oil companies in drawing down stocks.

They put the rate at 4m barrels a day and saw the reduction of inventories as the critical factor depressing prices on the spot market.

The Saudi Minister claimed the behaviour of the oil companies was motivated largely for tax reasons, "so that the best possible end-year results could be presented to tax-payers."

Sheikh Ali Khalifa said that stocks had been depleted "to well below mandatory levels"—90 days of net imports for members of the International Energy Agency.

Sheikh Yamani would not say *how much he thought spot* prices would rise but commented that the amount would depend largely on how long the "draw-down" continued.

Asked about the possibility of a further price reduction next month, he replied: "I do not care. We know for sure the price of oil will go up sharply. Whatever they do, it will be a loss for their treasury."

Referring to prospective changes in Opec's system of price differentials aimed at establishing a more stable price structure, Sheikh Yamani said that the adjustments would be *"on a temporary basis, and very* flexible, to be reviewd some time in the future."

Renewed violence tests Lebanese security plan

BY NORA BOUSTANY IN BEIRUT

THE LEBANESE Government's *new security plan came under* pressure yesterday when a car bomb exploded in the Druze mountain town of Aley, a rocket was fired into a busy Christian district and a sectarian clash took place outside Palestinian refugee camps in Beirut.

The car bomb, which devastated a telephone exchange centre at Aley, in the hills east of Beirut, killed three people *and wounded 14 others.* The rocket, apparently launched from a Druze region in the upper Maten, killed a man, woman and baby girl at the Karm al-Zeitoun intersection.

In Beirut, Shiite Moslem militiamen of the Amal movement clashed briefly with *Palestinian demonstrators* who broke out of the Bourj Barajneh refugee camp to commemorate the 1947 United Nations vote for the partitioning of Palestine.

In a rare display of unity, Lebanon's full Cabinet met yesterday, including Mr Walid Jumblat, the Druze Minister of Tourism, who had previously boycotted six consecutive sessions.

Israeli and Lebanese military teams met again yesterday to discuss the role of an international peacekeeping force after the proposed withdrawal of Israeli troops from southern Lebanon.

Palestinians leave options open

BY ROGER MATTHEWS IN AMMAN

THE PALESTINIANS agreed in Amman yesterday to leave all their Middle East political options open, but only after further controversy over the personal leadership of Mr Yassir Arafat.

The resolutions adopted by the Palestine National Council, the parliament-in-exile, offer little prospect of any revived Middle East peace initiative early in the New Year.

The response to King Hussein of Jordan's forthright offer to co-operate to resolve the future of the Israeli-occupied West Bank and Gaza was very muted.

The executive committee of the Palestine Liberation Organisation was instructed only to study the proposal, then seek *further talks with the king.*

A spokesman for the independent group of PNC members said it was impossible for the resolutions to have pleased King Hussein, but at least they should not have angered him.

"We, the Palestinians, are like a patient which has suffered a severe illness. We are beginning slowly to recuperate but any sudden exercise could prove fatal.

"We have to lie still for a period or the split in the PLO will widen sharply, especially if Arafat attempts to step outside the limits set for him."

Several members of the Central Committee of Al-Fatah, the largest Palestinian faction, showed their anger at Mr Arafat on Wednesday night over *his theatrical offer of resignation.* For more than an hour, they refused to attend a meeting with him.

The resolutions agreed yesterday to call for improved relations with Syria, but only if Damascus agrees not to interfere in internal Palestinian affairs.

Robert Cottrell reports from Tokyo: Japan's Foreign Minister, Mr Shintaro Abe, won the support of the Egyptian Government for his plan to seek a "limited cease-fire" in the Iran-Iraq Gulf War when he visited Cairo last week, a Japanese Foreign Ministry official said.

Mr Abe believed Iraq took a "positive" view of the limited ceasefire *idea, but that Iran was not yet ready to do so.*

Muldoon loses party leadership

After a decade as undisputed *head of the New Zealand* National Party, former Prime Minister Robert Muldoon yesterday lost the party leadership in a ballot by members of his parliamentary party, writes Dai Hayward from Wellington.

The new leader is Mr Jim McLay, 39, a lawyer and former deputy to Sir Robert. The leadership election had been brought forward because of pressure within and outside Parliament.

Sir Robert, who had defied widespread efforts to persuade him to step down, said: "I will now be only an elderly backbencher."

Political observers agreed yesterday that the change would restore the party's attacking edge and might herald the beginning of a more vigorous campaign to oppose the new Labour Government.

New Caledonia blast

Violence erupted yesterday in New Caledonia, where militant organisations have stepped up their campaign for full independence from France, agencies report. An explosion shook the capital of Noumea, and in the north-west of the Pacific island territory, police said, a 72-year-old European was shot and may have been killed.

Office workers reported hearing a large explosion in the areas of the French High Commission but the precise location of the blast was not immediately known.

Nakasone's pledge

Mr Yasuhiro Nakasone, Japanese Prime Minister yesterday said he would "make *efforts" to maintain the current* government guideline of keeping defence spending less than 1 per cent of the nation's Gross National Product, AP reports from Tokyo.

He said on a televised news conference that he felt the fiscal 1985 defence budget would not exceed the guideline, which was set by previous governments. "Japan will continue to make *efforts to maintain the defence budget ceiling,"* he said.

Gandhi rides high as opposition fails to heal splits

By JOHN ELLIOTT IN NEW DELHI

OPPOSITION parties in India last night failed to heal major splits between their leaders and party activists and therefore have no chance of forming a united front against the Government of Mr Rajiv Gandhi in the country's general election campaign which starts in earnest this weekend.

Mr Gandhi, 40, who leads the Congress I ruling party and became Prime Minister on October 31, after his mother, Mrs Indira Gandhi, was assassinated, now looks set for the comfortable victory that was forecast for him at the start of this month.

However, his personal campaign will be limited because of the risk of an attack on his life. Renewed threats are believed to have been made since Mrs Gandhi's death and the extreme security precautions be taken.

Mr Gandhi is expected to win more than half the 515 seats being contested in the Lok Sabha India's lower house. But whether he will maintain the two-thirds majority his party holds is a subject of active debate.

He will get a considerable sympathy vote following his mother's death, although the strength of this may vary round the country.

He will also cash in on the debilitating disarray of the country's five main opposition parties and other regional groups.

In addition, Mr Gandhi hopes to have won support by refusing election tickets to about 80 of his party's more corrupt and ineffectual constituency MPs. This has caused some controversy, especially because Mr A. Antulay, a former Chief Minister of the Bombay state of Maharashtra, who is in court on corruption charges, has been refused nomination.

INDIAN ELECTIONS

Mr Charanjit Singh, a prominent Sikh businessman in Delhi, who criticised the Government for not saving Sikhs from Hindu attacks after Mrs Gandhi's death, is also not standing for his seat in Delhi.

Mr Gandhi hopes that he will gain sufficient extra support by making the changes in the Congress I lists to more than offset opposition from men like Mr Antulay who will now campaign against Congress I.

Mr Gandhi is launching his personal campaign tomorrow with a tour of the northern states of Uttar Pradesh and *Bihar, both key areas.*

During the campaign he will cash in on this being India's first television election—the installation of over 165 television transmitters covering 70 per *cent of the population means he* can reach vast areas of the country, into villages through communal sets where they have been installed.

For the first time Congress I has hired a major advertising agency and has taken a series of large advertisements in national newspapers raising the spectre of India breaking up or being attacked by a foreign country.

The most graphic, which is already causing some controversy is partly bordered by a coil of barbed wire and says: "Will the country's border finally be moved to your doorstep?" Alongside the Congress I symbol of a hand, says: "Give unity a hand."

The opposition parties' failure to come together is a blow in northern India to hopes of Mr Charan Singh, 8-year-old former Prime Minister, who formed a now workers' and peasants' *party (DMKP) last month. The* north is his stronghold and his attack will now be dissipated.

But the opposition has been more successful in forging local links on seat sharing in the southern states of Karnataka, Andhra Pradesh, Tamil Nadu and Kerala where the Congress I was losing ground till Mrs Gandhi's assassination.

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In a typical recent week, for example, you'd have noted that we were covering arms control, El Salvador and the miners' strike.


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You might have been less prepared, however, for the story about an almighty row building up in the Catholic church.

Or the piece about alcohol abuse in Greenland. (It seems the Eskimos are taking too much Scotch with their ice.)


Peres v. Shamir. In July we analysed the main issue behind the Israeli elections: an inflation rate of 400%.

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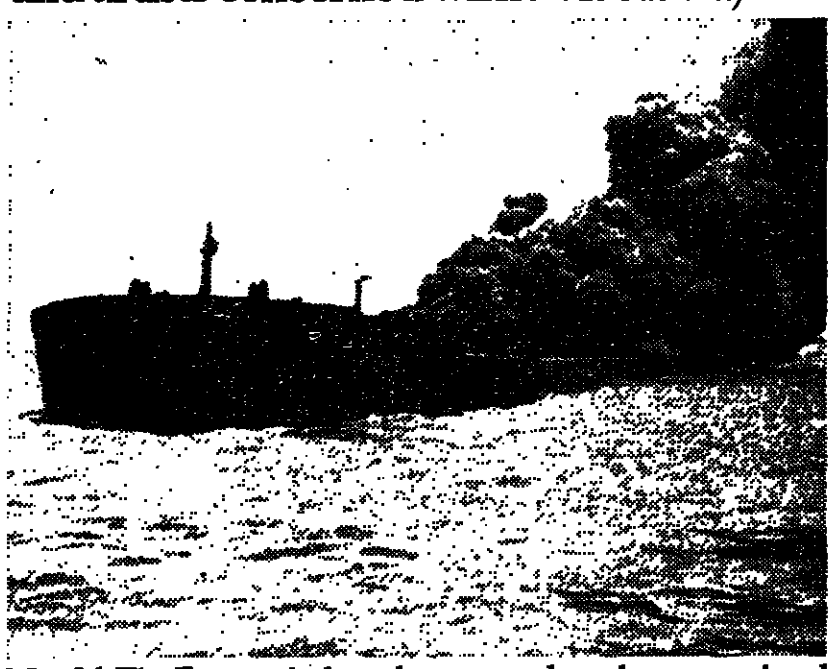
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The Economist

Three unexpected contracts are signed by Singapore refineries

BY CHRIS SHERWELL IN SINGAPORE

AN UNEXPECTED series of deals means Singapore's besieged oil refining industry will enter 1985 operating at much *better-than-expected* capacity — despite the weak market for crude and petroleum products and widespread forecasts of troubled times.

The deals concluded over the past few weeks involve Indonesian, Chinese and Iranian crude. They provide good news for the world's third largest refining centre after Houston and Rotterdam, though executives caution that the new business does not represent the salvation of the local industry, and that the basic outlook remains gloomy.

Reliable figures both for the amounts of crude involved and for current overall capacity utilisation are difficult to come by. But the three deals involve:

● A processing deal for up to 100,000 barrels a day (b/d) of Indonesian (Minas) crude, negotiated through one of Pertamina's satellite traders. Pertamina, the Indonesian state oil company, used to process *more than 250,000 b/d in Singapore*, and this was expected to dry up completely with the doubling of its own refining capacity. But Indonesian refinery start-up problems and an excess of Minas crude have temporarily upset those plans, and the new deal is expected to last a year.

● An agreement with Sinochem, China's national oil company, to refine 80,000 b/d of Chinese crude in 1985. Shell, the biggest refiner in Singapore with 460,000 b/d capacity, previously had a 20,000 b/d one-year contract with *Sinochem*.

● An estimated 50,000 b/d of crude oil from Iran, sold on the spot market at heavy discounts and therefore offering attractive margins to local traders and refiners. These sales began in mid-year and are expected to continue into the first quarter of 1985.

The approximate total volume covered by these deals is well short of the amounts taken out of the system by Indonesia's new refineries. Moreover, Singapore refiners still face trouble selling petroleum products in places like Japan, South Korea and Hong Kong.

Apart from Shell, there are four refiners in the island state: Esso (capacity: 231,000 b/d), Mobil (200,000 b/d), Singapore Refining Company (SRC) (170,000 b/d) and BP (27,000 b/d). The SRC is a joint venture involving BP and Caltex with the local Singapore Petroleum Company.

Singapore's refiners play a key role in the country's economy: oil is the largest commodity traded by Singapore and the manufacture of oil products through refining comprises 35 per cent of its total industrial output.

BAe wins $50m order from U.S.

BRITISH AEROSPACE has won $50m (£41m) in orders from two U.S. regional airlines for its Jetstream 31 commuter aircraft, Our Trade Staff writes.

The company yesterday announced that a $30m order for 10 of the 19-seat aircraft had been placed by American Eagle, a small carrier affiliated to Metro Airlines of Texas.

Atlantic Airlines of South Carolina, which already operates Jetstreams, has ordered six additional aircraft for regional services in the American southern states.

BAe this year has sold 44 Jetstreams, 27 of them to foreign airlines. Some 29 of which went to U.S. operators. Total sales stand at 69 aircraft to 10 airlines.

Michael Donne on the potential for trans-ocean twin-jet travel

Airlines set for uncharted waters

AIRLINES ARE studying a potentially revolutionary development in aircraft operations that may eventually save them large sums and perhaps bring down the cost of flying for their passengers—the operation of big twin-engined jet airliners regularly for long distances over water.

Many of the world's longest non-stop air routes are over water. These include the transatlantic crossing between North America and Western Europe, trans-Pacific flights between Japan and the West coast of North America, and even Pacific North-South flights between Japan and Australia.

Many such long-distance overwater flights are, of course, flown already by twin-engined aircraft, but these tend to be either military flights, business aircraft operations, or non-scheduled and charter flights.

Most of the major airlines have conducted their long-distance over water operations with the bigger three-engined or four-engined equipment (such as McDonnell Douglas DC-10s or Lockheed TriStars, or Boeing 747 Jumbos), ensuring multi-engined safety and reassurance for passengers and crew.

Where they have conducted twin-engined flights overwater, they have broadly followed certain rules, laid down by the regulatory authorities, for safety reasons.

For U.S. operators, the Federal Aviation Administration has required airliners to be at any time no more than 60 minutes' flying at single-engine speed from the nearest airport.

At the same time, the International Civil Aviation Organisation has recommended (but has not been able to make mandatory) a somewhat different 90 minutes' rule.

By conforming to one or another of those rules, extended overwater flights by the airlines have been possible, but even so they have usually been conducted by smaller airliners, such as Boeing 737s, BAe One-Elevens or Fokker F-28s, and even these aircraft have limited range.

For their very long-range overwater flights of several thousand miles with bigger types of jet, the airlines have relied on the three-engined and four-engined equipment.

The rules themselves date back to the days of piston engines. With increasing airliner and engine reliability, their necessity has been eroded. But, for various reasons, such as passenger and even pilot reluctance to accept big "overwater twins," the rules have *not been changed*.

The pressures for change are now mounting. Through the recession, airlines have found that many long-distance routes do not have enough traffic to make the use of big 300-400-plus passenger tri-jets or four-jet aircraft economic. On many such "thin" routes, they have been losing money, with some aircraft only half-filled.

With the emergence in recent years of the bigger twin-engined equipment, such as Boeing 767s, Airbus A-300s and the A-310, seating between 200 and 300 passengers, the airlines have a better chance of making money on these long, thin routes.

The manufacturers, Boeing and Airbus, themselves have responded by making those aircraft even more attractive for longer flights. Earlier this past summer, Boeing for example rolled out the first twin-engined 767 especially equipped for "extended overwater operation."

This was in fact the 102nd 767 to be built, and the 11th 767 for Air Canada, but the first to have improved equipment for overwater flying, including additional fuel tanks and electrical generator equipment, increased fire-suppression equipment and other improved electronics.

Air Canada intends to use this aircraft regularly from April 1 on non-stop overwater flights between Halifax, Nova Scotia, and Prestwick and London, obeying the existing FAA 60-minute rule.

If that is successful, Air Canada may extend it to European cities, such as Frankfurt, Amsterdam, Brussels and Geneva.

The FAA itself is now considering amending the rule, to 120 minutes' flying time, *from* the nearest airport, which will make non-stop overwater flights more widely achievable.

Other airlines are studying the situation closely. El Al has flown a 767 non-stop commercially from Montreal to Tel Aviv, and is planning another such flight later this month. Eventually, it may make regular flights of this nature between Europe and North America.

Trans World Airlines is also studying the situation, but has not yet fixed a date for flights to start. Like Air Canada and El Al, it has 767 jets. Mr Ed Acker, Pan American World Airways' chairman, said in London this week that the company's purchase of A-310s was partially motivated by that aircraft's overwater capability.

For the airlines, the advantages in lower operating costs of using twin-engined jets on long non-stop overwater flights are considerable. Just how long it would be before such benefits were passed on to the passengers in lower ticket prices remains to be seen.

But at least their lower direct aircraft operating costs would serve to keep ticket prices stable in the face of rising charges in other directions, such as landing fees and navigation charges.

Many other airlines are watching the situation. British Airways does not have big long-range twin-jets yet, such as 767s or A-310s, but may be obliged to acquire them if its competitors start making money on the North Atlantic with such aircraft.

Anglo American Corporation of South Africa Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT FOR THE SIX MONTHS TO SEPTEMBER 30 1984

The following are the unaudited results of the Corporation for the six months ended September 30 1984 and abridged consolidated balance sheet at that date.

INCOME STATEMENT

	Six months ended 30.9.84 R million	Six months ended 30.9.83 R million	Year ended 31.3.84 R million
Income from investments	234.7	232.4	511.4
Trading profits	153.0	130.3	252.4
Other net income	33.0	22.3	77.9
	420.7	385.0	841.7
Interest paid on loan capital	11.7	8.1	19.1
Costs of prospecting	30.4	26.5	44.2
	42.1	34.6	63.3
Profit before taxation ...	378.6	350.4	778.4
Taxation	75.8	59.4	110.4
Profit after taxation	302.8	291.0	668.0
Attributable to outside shareholders	54.8	46.4	107.4
Preferred dividends	2.2	2.2	4.5
	57.0	48.6	111.9
Group attributable profit —before share of retained profits of associated companies	245.8	242.4	556.1
Retained profits of associated companies	102.2	88.1	244.1
Profit before extraordinary items	348.0	330.5	800.2
Extraordinary items	33.4	9.0	64.5
Profit after extraordinary items	381.4	339.5	864.7
Ordinary dividends	79.8	79.5	273.2
Retained profit	301.6	260.0	591.5
Earnings — cents per ordinary share			
—Excluding share of retained profits of associates	107.8	106.7	244.6
—Including share of retained profits of associates	152.7	145.5	352.0
Dividends — cents per share			
—Interim	35.0	35.0	35.0
—Final	—	—	85.0

BALANCE SHEET

	30.9.84 R million	30.9.83 R million	31.3.84 R million
Ordinary shareholders' equity			
Capital and premium ...	76.7	57.5	61.5
Non-distributable reserve	2 203.1	1 806.3	2 107.0
Distributable reserves ...	1 963.3	1 623.3	1 750.6
	4 243.1	3 487.1	3 919.1
Preferred Capital and premium	44.8	44.8	44.8
	4 287.9	3 531.9	3 963.9
Outside shareholders' interests in subsidiary companies	522.6	473.8	504.1
Shareholders' interests ...	4 810.5	4 005.7	4 468.0
Deferred taxation	299.4	223.9	270.1
Loan capital	239.5	225.3	230.8
Loans from associated companies and others	1 217.1	1 416.1	1 133.2
Other liabilities	437.3	378.8	502.6
	7 003.8	6 249.8	6 604.7
Represented by:			
Investments	4 333.8	3 661.7	4 002.0
Investment in subsidiary companies	(3.4)	30.3	6.1
Fixed assets	1 310.5	1 109.2	1 238.1
Stocks and debtors	461.5	356.3	410.6
Loans to associated companies and others	52.6	26.7	41.8
Deposits and cash	848.8	1 065.6	906.1
	7 003.8	6 249.8	6 604.7
Number of ordinary shares in issue at end of period	227 967 729	227 113 615	227 316 294
Net asset value — cents per ordinary share (after providing for dividend) based on the market value of listed investments at September 30 1984 and the directors' valuation of unlisted investments at March 31 1984	4 073	3 676	4 313

Notes:

1. Further issues of shares between September 30 1984 and November 29 1984 being the date of declaration of interim ordinary dividend No. 97, resulted in a total of 227 978 129 *shares qualifying for payment of the ordinary dividend.*

2. Particulars of the Group's interests in listed associated companies and general investments are as follows:

	At 30.9.84 R million	At 30.9.83 R million	At 31.3.84 R million
Associated companies			
Market value	6 707.7	6 217.9	7 273.9
Carrying value	3 162.9	2 624.6	2 957.9
	3 544.8	3 593.3	4 316.0
General investments			
Market value	1 881.3	1 691.9	1 963.1
Book cost	257.6	228.4	225.2
	1 623.7	1 463.5	1 737.9
Appreciation	5 168.5	5 056.8	6 053.9
Outside shareholders' interest therein	444.2	472.0	481.2
	4 724.3	4 584.8	5 572.7

3. *Life Assurance Subsidiary*

In terms of the arrangements whereby the business of the Corporation's life assurance subsidiary Anglo American Life Assurance Company Limited merged with that of The Southern Life Association to form The Southern Life Association Limited ("The Southern"), the Corporation and/or *its nominees will hold as a long-term investment 40% of the* enlarged company after the public issue. The Southern has, therefore, not been consolidated but its results have been equity accounted and the carrying value of the investment therein has been included in investments. The comparative figures for September 30 1983 and March 31 1984 *have been restated.*

4. Particulars of the Group's capital expenditure, which relates almost entirely to the operating subsidiaries, are as follows:

	30.9.84 R million	30.9.83 R million	31.3.84 R million
Capital expenditure for period (net) ...	87.7	77.0	215.6
Capital expenditure commitments (net)	922.7	974.2	986.3

5. There are no material changes in contingent liabilities from those disclosed in the latest annual report.

6. No significant foreign exchange losses were incurred by the Group during the six months to September 30 1984, nor were there any material uncovered foreign exchange liabilities at that date which would adversely affect the income of the Group. However, certain associated companies incurred foreign exchange losses which have reduced the Group's equity accounted earnings.

7. Commentary

Profit attributable to ordinary shareholders for the six months ended September 30 1984, excluding the share of retained profits of associated companies, was R245.8 million (107.8 cents per share) representing an increase of 1.4 per cent compared with the corresponding six months of 1983. Including the share of retained profits of associated companies, which is transferred to non-distributable reserves, attributable profit rose by 5.3 per cent to R348.0 million (152.7 cents per share).

Income from investments at R234.7 million was virtually unchanged from the comparative R232.4 million but trading profits were 17.4 per cent higher at R153.0 million reflecting the better results achieved by Anglo American Coal Corporation Limited (Amcoal). There was an improvement in retained profits of associated companies of 16 per cent from R88.1 million to R102.2 million whilst the major extraordinary item relates to a change in the basis of accounting of an associated company.

For and on behalf of the board

G. W. H. Relly
J. Ogilvie Thompson } Directors

DIVIDEND NO. 97 ON THE ORDINARY SHARES

On November 29 1984 an interim dividend (No. 97) of 35.0 cents per share in respect of the year ending March 31 1985 was *declared payable on January 25 1985 to ordinary shareholders* registered in the books of the Corporation at the close of business on December 21 1984 and to persons presenting coupon No. 102 detached from share warrants to bearer. A notice regarding payment of this dividend to holders of share warrants to bearer will be published in the Press by the London Secretary *on or about December 7 1984.*

The ordinary share transfer registers and the ordinary section of the register of members will be closed from December 22 1984 to January 4 1985, both days inclusive, and warrants will be posted from the Johannesburg and the United Kingdom offices of the transfer secretaries on or about January 24 1985. *Registered shareholders* paid from the United Kingdom will receive the United Kingdom currency equivalent on December 27 1984 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the Corporation's transfer secretaries in Johannesburg or in the United Kingdom on or before December 21 1984.

The effective rate of non-resident shareholders' tax is 14.1291 per cent.

The dividend is payable subject to conditions which can be inspected at the Head and London offices of the Corporation and at the offices of the Corporation's transfer secretaries, Con*solidated Share Registrars Limited, 1st Floor, Edura, 40 Com*missioner Street, Johannesburg 2001 (P.O. Box 61051, Marshalltown 2107) and Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL.

By order of the board
C. L. MALTBY
Secretary

Head Office:
44 Main Street
Johannesburg 2001
November 30 1984

London Office:
40 Holborn Viaduct
London EC1P 1AJ

End to quotas 'would cut car prices by 10%'

By David Marsh in Paris

ABOLITION OF restrictions on Japanese car imports into France, Italy and the UK would reduce car prices in these countries by between 10 and 22 per cent, but would put around 46,000 domestic motor workers out of a job, according to a report presented at an international meeting here on consumer policy and protectionism.

The report, from the Netherlands Economics Institute, was discussed at a conference arranged by the Organisation for Economic Co-operation and Development, bringing together government, trade and consumer policy officials, industry associations and consumer groups. The three-day session ended yesterday.

The European Bureau of Consumer Unions (Beuc), the Brussels-based body which represents the main national consumer organisations in EEC countries yesterday hailed the meeting as a "step forward" in allowing consumers' voice to be heard in international trade issues.

Voluntary export restraints on Japanese cars sold in the EEC were cited as one of the most glaring examples of protectionism in manufactured goods

U.S. and Japan press India to relax controls

BY JOHN ELLIOTT IN NEW DELHI

INDIA HAS come under pressure from both the U.S. and Japan to speed up its relaxation of industrial and other controls *in order to encourage foreign* companies to increase their technical and financial collaborations.

Both the U.S. and Japan have increased their involvement in Indian industry following relaxations of controls in the past four years.

But major companies in both countries are still extremely wary of continuing controls, even though there are signs of further possible major improvements after India's General Election at Christmas.

Tokyo is keen to encourage Japanese companies to increase their involvement, and a high-powered delegation of 40 Japanese industrialists is now in India looking into assembly and manufacturing prospects in telecommunications, televisions, electronic components and solar energy. Japan is already heavily involved in India's motor industry with more than ten major collaborations. But Japan is not yet willing to enter into collaborations for producing the highest computer and other electronics technology, partly because it has sufficient markets elsewhere.

Yesterday a meeting of the Indo-U.S. joint business council listed four areas, for increased technology, transfer from the U.S. to *India—telecommunications*, petrochemicals, electronics and various areas of agriculture.

Transfer of computer and other potentially sensitive high technology from the U.S. to India is expected to increase as a result of a memorandum of understanding between the two countries to be signed soon.

Both countries are among the leaders of foreign countries investing in India—the U.S. is second only to the UK with a total of about 1,550 collaborations, while Japanese investments *of $16m last year* comfortably evxceeded investments by both the U.K. and U.S.

Mr Takumi Hosaki, Japanese ambassador in Delhi, said yesterday that there was a "new era for the two countries." But he warned that Japanese companies wanted India to relax various controls, especially its requirements for rapid indigenisation of manufacturing, such as the motor industry.

Mr Orville Freeman, leader of the U.S. delegation, said abolition of India's foreign ownership laws, "would create a totally new atmosphere."

Philips secures car telephone deal from China

By John Davies in Frankfurt

CHINA IS planning to use know-how from Philips Kommunikations Industrie (PKI) of West Germany to set up mobile telephone systems, initially for use in official cars in Peking.

The deal with PKI—which is *majority owned by Philips, the* Dutch electrical concern — is part of a major drive to improve and modernise China's telecommunications network.

Under a contract worth about DM 20m (£5.4m) the Chinese will at first import complete mobile telephone systems, but will begin local production by the end of next year with the help of PKI know-how.

Telephone equipment for installation in the cars will be imported from Philips TMC in Australia, while PKI will provide the infrastructure equipment to enable calls to link up with the local telephone network. PKI will also train Chinese experts, who will be sent to West Germany for instruction.

The first mobile system will be set up in Peking for cars used by government ministries, electricity supply undertakings and railway officials.

New insolvency law to restrict powers of monopoly utilities

BY ALISON HOGAN

THE GOVERNMENT is to prevent monopoly utilities such as gas, electricity, water and telephones from threatening discontinuation of supplies to insolvent businesses.

The necessary legislative provisions will be introduced into the Insolvency Bill during its passage through Parliament, which begins in the House of Lords next week.

The Government has also bowed to pressure from business groups led by the Institute of Directors to introduce into the Bill more precise definition of the liability of directors in "wrongful trading" than was included in the White Paper (policy document) on the proposed reform of the insolvency law.

Mr Alex Fletcher, Minister for Corporate and Consumer Affairs, said yesterday that "the major monopoly utilities, which provide services which are essential to the conduct of all businesses, should not be able to secure more favourable treatment than other creditors on the insolvency of a customer by threatening to discontinue supplies."

The recommendation, made by the Insolvency Review Committee headed by Sir Kenneth Cork, had been ignored by the Government until yesterday.

The Government recently announced that it would repeal the section of the 1975 Social Security Act which makes directors personally liable for non-payment of their company's National Insurance Contributions.

Coal stocks at power stations rise slightly despite pit strike

BY MAURICE SAMUELSON

STOCKS OF COAL at Britain's power stations showed their first monthly rise in September since the beginning of the miners' strike, according to Energy Department statistics issued yesterday.

National coal consumption between July and September dropped 47.5 per cent but petroleum and natural gas consumption rose respectively by 39.4 per cent and 6.6 per cent compared with the same period last year.

The statistics, which also show a 1.8 per cent drop in primary energy usage, are the latest official guide to the distortions which the miners' strike is making on normal patterns of energy consumption and production.

Dr Paul Neild, chief economist at stockbrokers Phillips & Drew, said last night that the latest figures "confirm that there will be no problem with power station coal stocks for at least 12 months."

At the end of September, power station coal stocks nudged up by 37,000 tonnes to 15.564m tonnes. Although only a fractional increase, it was the first interruption in the steady decline in power station stocks since the start of the strike last March, when they stood at 23m tonnes.

In addition to the 15.5m tonnes at power stations at the end of September, there was a further 22m tonnes at pits and open-cast sites, contributing to a national stockpile of just under 39m tonnes.

Throughout the strike, open-cast sites have continued to produce coal, but there have been restrictions on forwarding the output to customers.

At the end of September, open-cast stocks rose 700,000 tonnes to just over 9m tonnes. However, whereas previously the National Coal Board has said that only a third of new open-cast production was being delivered, the latest figures indicate that half the 1.4m tonnes produced in September reached the marketplace.

The stabilisation of power station stocks was due largely to the increased use of oil for generating electricity, which in September alone reached 3.98m tonnes of coal equivalent (tce), compared with 4.4m tce for the whole of 1983.

It was disclosed earlier this week that the Central Electricity Generating Board has subsequently raised its weekly oil consumption to 1m tce from the weekly average in September of just under 800,000 tce.

As a result of the miners' dispute, the coal industry produced only 9.1m tonnes between July and September, 65 per cent less than the 26.5m tonnes during the same period last year.

Deep-mined output fell 76.2 per cent to 5.2m and open-cast by 5.7 per cent to 3.6m tonnes.

Unemployment rises by 3,500

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE RISE in unemployment decelerated for the second successive month in November, but the improvement is being viewed with great caution in Whitehall.

The latest figures from the Department of Employment yesterday showed that the underlying total of adults out of work rose by 3,500 in November to 3.103m. This rise was about the same as in October, but much less than the rises of about 20,000 per month in August and September.

Officials believe, however, that it would now be as wrong to be over-optimistic about the latest figures as to have been too pessimistic about the large rises in the late summer.

A more cautious appraisal seems to be that unemployment is continuing to rise at an underlying rate of between 10,000 per month and 15,000 per month. There is general relief that it may now be decelerating, rather than speeding up as was feared a few months ago.

Yesterday's figures provided several other grounds for cautious optimism. The "headline total," unadjusted for seasonal variation and including school leavers, fell by 3,000 November to 3,223m.

This reflected a fall of 23,000 in the number of school leavers out of work to a total of 128,000, the lowest November figure since 1981. This was only partly offset by the 20,000 rise in adult unemployment.

Another mildly encouraging pointer was that there seems to have been increased activity in job centres (government employment agencies) with a significant rise in the number of people moving on to and off their registers.

The number of vacancies fell slightly in November after a sharp increase in the early autumn. The trend, measured by the average over the latest three-month period, appears to show an upward movement of about 2,000 extra vacancies a month.

First votes at Ford accept pay offer

HOURLY PAID workers at half the 24 Ford UK plants have so far voted to accept a pay offer of 7 per cent on basic rates, David Brindle writes.

No plant has yet rejected the offer, which includes two day's extra holiday and is costed by Ford at 9 per cent on the pay bill. But workers at the bigger plants at Dagenham, Essex, and Halewood, Merseyside, have yet to vote.

Almost 8,500 workers at these two sites remain laid off because of a two-week-old strike by 20 sewing machinists which has halted all Ford car production.

□ VALUE ADDED TAX receipts increased by 10 per cent to £15.22bn in the year to March 31, 1984, but this was £280m short of the budget estimate.

The annual report for 1983-84 of the Customs and Excise department shows officers made 350,000 check visits and discovered that £320m of tax had been under-declared and only £8m over-declared.

A record 3,841 seizures were made of smuggled drugs with an estimated street sale value of £66m and 1,596 people were arrested for drug offences.

□ ROWNTREE MACKINTOSH, the sweets manufacturer, hopes to save about £7.5m a year through its large-scale reorganisation, which will see the closure of plants at Edinburgh, Scotland, with the loss of 700 jobs and at Egremont in Cumbria, where 50 people are employed.

Mr Ralph Kaner, chairman of the company's UK Confectionery Division, told a press conference in Edinburgh that by concentrating production of similar products at single factories costs could be reduced and better investments made in new processes and equipment.

□ COURTAULDS is virtually to *halve production of viscous staple* fibre at its Greenfield plant in North Wales, making 232 of the 800 workforce redundant.

The cut, which is bigger than indicated a fortnight ago, will reduce Greenfield's output from around 1,300 tonnes to 700 to 750 tonnes a week. In future, the plant will concentrate more on specialist fibres.

□ LAST MONTH'S blaze at the Norwich City Football Club stadium, causing estimated damage of £2.06m, was one of three large fires that kept total fire damage at a continuing high level in October, according to figures released by the British Insurance Association.

□ THE TOTAL STRENGTH of the armed forces has increased by nearly 5,000 over the past three years, with 328,000 men and women in the three services.

The new figures confirm that the Government has finally abandoned a key aspect of the 1981 defence review, which planned a reduction of nearly 20,000 by 1986.

□ PRICE WATERHOUSE and Deloitte Haskins & Sells, the international chartered accountants, hope to hear today whether they can proceed with a merger of their two accounting practices. The Office of Fair Trading has been investigating the proposed merger since September.

□ SEVERAL Conservative MPs last night publicly warned the Government of a likely revolt over proposed increases in parental contributions to student grants and fees.

Dixons close to win in Currys takeover

BY CHARLES BATCHELOR

DIXONS, the electrical and photographic goods retailer, was last night within a few votes of clinching its £248m takeover bid for its rival Currys after a last-minute scramble to register some of the shares which changed hands during the course of the battle.

Mr Stanley Kalms, Dixons' chairman, yesterday claimed victory in his eight-week battle and said he had gained a 50.5 per cent holding in Currys. Later, Dixons said it was not claiming control yet.

Currys refused to accept defeat saying that two uncertainties remained. Ownership of some of the shares which had changed hands during the bid campaign had still to be registered and some shareholders might accept Currys' advice and withdraw their acceptances.

Morgan Grenfell, Dixons' merchant banking adviser, announced it had gained a majority stake in Currys yesterday, one day ahead of today's official close, to retain the initiative in what has been a bitterly fought battle. The victory claim was intended to discourage withdrawals.

A merger would create Britain's largest electrical retailing company with more than 800 shops, although the two chains would retain their separate identities. Dixons would concentrate on high-tech electrical goods leaving Currys to develop its range of refrigerators, washing machines and dishwashers.

Midland to offer free banking

BY DAVID LASCELLES, BANKING CORRESPONDENT

MIDLAND BANK will shortly become the first of the big UK clearing banks to offer its customers free banking.

Starting on December 10, the bank will levy no charges on current accounts so long as they remain in credit. Previously, Midland charged customers if their account balances fell below £100. Other banks responded cautiously to the move, which reverses the recent trend of ever rising bank charges.

At the same time, Midland has announced plans to match other clearing banks by opening a few branches on Saturdays.

Mr John Greenwell, chief executive of the bank's UK banking division, said the decision to offer free banking was "in response to the findings of extensive research into customers' attitudes on bank charges."

Midland hopes to cover the estimated lost charge revenue of £2m by attracting an extra 100,000 accounts from other banks, and retaining a similar number of customers who might otherwise have shifted their business elsewhere.

At the moment, free banking is offered only by the Royal Bank Group, which includes Williams and Glyn's, Yorkshire Bank, Co-op Bank and National Giro Bank. All those banks claim to have attracted extra business as a result.

Sir Michael Herries, chairman of the Royal Bank, said yesterday that his group had increased its current accounts by 11 per cent over the last 12 months, largely because of its decision to offer free banking. Furthermore, the bank had not advertised the service: news of it had spread by word of mouth.

Midland's move seems unlikely to trigger a rapid response from its main competitors. NatWest and Barclays have taken the view that customers should pay realistic prices for the services they receive through a current account. Lloyds is conducting a review of charges which will not be completed for several months.

BP seeks to raise onshore oil output

BY OUR INDUSTRIAL STAFF

BRITISH Petroleum (BP) yesterday sought local planning permission to drill wells on an island in Poole Harbour, southern England, as part of an attempt to raise output from the Wytch Farm onshore oilfield, the biggest in Western Europe, from 4,000 barrels a day to more than 40,000 b/d.

BP's application follows its decision to bow to local environmentalist pressures by dropping plans to drill on Studland Peninsula, the *nearby beauty spot* which includes a nature reserve.

It hopes to drill up to four appraisal wells on Furzey Island to gain further information on the extent of the Sherwood reservoir to the east and north of the island.

Yesterday's request was for permission to prepere the site of the first well on the island, including a landing ramp and access. Planning application for a second well and for oil production on the island would be subject of a later submission.

BP said it was "fully aware" of the care that would be necessary to preserve the environment in the area and that it had submitted an assessment of the impact on the environment to support its planning application.

BP bought Furzey Island in January and took over as operator of the Wytch Farm oilfield in May.

The field, originally developed by the British Gas Corporation, has been producing 4,000 barrels of oil a day since 1980, but the as-yet undeveloped Sherwood reservoir is believed to be capable of yielding more than 40,000 b/d.

Two weeks ago, BP dropped plans to drill into this reservoir from Studland Peninsula, after the National Trust, which owns it threatened to resist them "to the last ditch."

BP holds 50 per cent of the Wytch Farm development.

Kemble to make Yamaha pianos under licence

BY WALTER ELLIS

THE KEMBLE Group, of Milton Keynes, Britain's leading piano manufacturer, has begun making Yamaha pianos under licence from Japan.

Initially, Kemble will concentrate on the LUK 101 model – an upright *finished in mahogany – with sales* confined to the domestic market. But there are plans for production of the larger LUK 201, which would be sold throughout Europe.

The price of the 101 will be £1,850, which compares favourably with that of the same model imported from Japan.

Yahama is the world's largest manufacturer of pianos and is also a leader in electronic organs, synthesisers, guitars and amplifiers. Kemble has been its main UK importer and wholesaler for 16 years through a joint venture, Yamaha-Kemble. But production of the new piano will be by the family-owned Kemble Group itself.

Kemble will continue to make its own range of pianos, as well as those of the former Chappell of Bond Street, London, and sees the LUK 101 as complementary to what it offers rather than as a threat.

At present, Kemble employs a staff of 100, and this is expected to rise to around 110 once the Yamaha programme is in full production.

Between 10,000 and 11,000 pianos are sold in Britain each year. Kemble and Chappell have 15 per cent of the market and imported Yamaha models a little under 12 per cent.

UK NEWS

AIRLINE SHOWS BIG HALF-YEAR IMPROVEMENT

BA profits expected to be £200m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

NET PROFITS of about £200m for the six months to end-September are expected to be announced by British Airways (BA) on Monday.

These will be well above the net profit of £162m for the comparable six months of last year. They stem from the good summer enjoyed by the state-owned airline, especially on such important routes as the North Atlantic.

The net profit already announced for the first three months of this financial year, to end-June, amounted to £43m, slightly down on the £47m for the comparable three months of 1983.

The second quarter is customarily the best period of the year for the airline, with peak traffic on virtually all routes leading to increased revenues and profits.

The strong dollar, which substantially increased U.S.-originating traffic across the Atlantic to the UK this summer, also resulted in greater U.S. traffic from the UK to the European continent on BA flights.

Other factors contributing to the improved summer results included the overall economic recovery, the effect of cheaper fares on some routes, and the airline's own continued cost-reduction programme and improved efficiency.

The half-year profits announcement will be the last made by the airline before its privatisation, now set for February 14 next year.

● Booking a BA flight or holiday will be quicker from this week with the opening of a new reservations centre at BA's Heathrow, London, headquarters. It will have 650 staff capable of handling 20,000 telephone calls a day. The telephone number for the public is London 897 4000.

● British Rail, in conjunction with Dublin City Helicopters, is planning to offer a faster link between the UK and Ireland from next April 3. It will fly rail passengers from Holyhead, North Wales, to Dublin airport.

Called HeliRail, the system will enable passengers to travel first class by train from large UK cities such as London (Euston), Birmingham and Manchester to Holyhead.

There, instead of taking the sea ferry, they will transfer by coach to a heliport for the flight in 26-seat Sikorsky S-61N helicopters provided by Dublin City Helicopters.

Flight time will be 30 minutes against the existing ferry time of 3¾ hours. Initially, five daily flights each way are planned, rising to eight in the summer.

A London-Dublin return fare will cost £83 in low season and £94 in high season. At present, the cheapest return air fares on the route are £136 (Eurobudget) or £94 (Early Saver).

Tax breaks to ICI rivals 'not subsidies'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE GOVERNMENT has denied in the High Court that tax concessions given to the UK petrochemicals competitors of Imperial Chemical Industries were an illegal subsidy under English and European Community law.

ICI's concern about provisions in the 1982 Finance Act, which benefited Shell, Esso and BP, but not ICI, was greater than was warranted by the facts, Mr Sam Stamler, QC, told Mr Justice Woolf.

"If ICI did suffer it would be as a result of market forces, such as the coming on stream of massive new Middle Eastern production, and not because there was a subsidy to a competitor. There was no such subsidy," Mr Stamler said.

He was opening the Government's response to ICI's unprecedented claim for declarations to the effect that the Government was acting in breach of its statutory duty, and in violation of the Treaty of Rome by giving the oil companies discriminatory aid which distorted competition and affected trade between EEC member states.

The case concerns the price at which North Sea oil companies can sell ethane gas to their petrochemical associates.

Ethane is used to make ethylene which, in turn, is used in the manufacture of a range of petrochemical products.

ICI makes ethylene from naphtha a substance not covered by the 1982 Act provisions, which, the company claims, enables its rivals to reduce their tax burden by selling ethane to their petrochemical associates at about half the market price.

Under the 1975 Oil Taxation Act the market price for North Sea oil and gas was fixed for tax purposes at the mid-point of each month in respect of deliveries made in that month.

By the 1982 provisions oil companies can elect to have their sales valued, not under the 1975 Act, but under a procedure enabling them to choose a valuation date which could be the date of a contract made at any time during the preceding two years.

ICI contends that the new arrangement was made because in 1981 Shell and Esso had told the government that, without financial assistance, their new petrochemical plant at Mossmorran in Scotland would have to be abandoned.

ICI's concern was the effect on its own petrochemicals plant at Wilton, on Teesside, with its 9,000 employees.

Mr Stamler said that the 1982 provisions had been enacted to rectify an anomaly in the 1975 Act. They had achieved their object of ensuring that transfers of ethane for petrochemical use between associated companies, which would be under long-term contracts, were valued at arm's length, and that associated companies that entered into such contracts were put on the same basis as arm's-length parties.

The Government accepted that it had acted as a result of Shell and Esso's concern that the anomaly might adversely affect Mossmorran.

The Government, too, had been concerned lest "this major plant" should be adversely affected, and concerned about the employment situation in Scotland.

But Mr Stamler continued, the Government "was equally concerned with the position of ICI. It had no reason to want the major UK-owned petrochemical producer to be put at a disadvantage. It gave anxious consideration to ICI's position."

In the end the Government had concluded that the 1982 legislation was proper and desirable; that it would be right to put it into effect; and that ICI's concern was greater than was warranted.

Mr Stamler said that, in its discussions with the Government in 1981 and 1982, ICI had never raised any objection to the two-year option

The hearing continues.

N-energy distrust blamed on Harrisburg

By a Special Correspondent

PUBLIC distrust of nuclear power and those who promote it has taken root in the U.S. as a result of the Three Mile Island accident, Mr Stephen Reed, the Mayor of Harrisburg, said at the Sizewell B Public Inquiry yesterday.

Mr Reed said people had been misled before and after the accident about the risks involved and a catalogue of human error and deception had been revealed.

In his own community and throughout many other parts of the U.S. there was now a deep rooted sense of betrayal and resentment about the nuclear industry, plant owners and the national government agencies responsible for supervision and enforcement.

Mr Reed said if his community had known in the past what it knew today it would have actively resisted the building of the power station at Three Mile Island.

Mr Reed appeared at the inquiry yesterday as a witness for local parish councils that are opposing plans by the Central Electricity Generating Board (CEGB) to build Britain's first pressurised water reactor power station.

Lord Silsoe, leading counsel for the CEGB, suggested that UK safety watchdogs had more independence and that risk studies presented to the inquiry had concluded that the chance of a serious accident was almost negligible.

Mr Reed said the inquiry was a good example of the approach he believed should have been taken years ago by the Nuclear Regulatory Commission – the official U.S. nuclear safety watchdog.

He said he was aware of all the assurances that had been given to the inquiry but had "heard them all before."

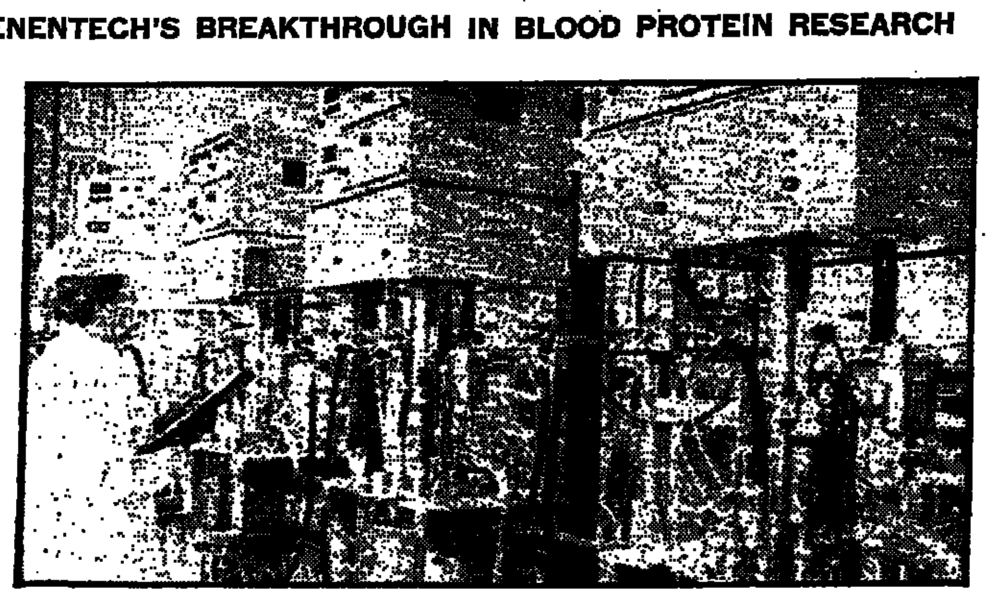
TECHNOLOGY

EDITED BY ALAN CANE

BRITISH SCIENTISTS CONTRIBUTE TO GENENTECH'S BREAKTHROUGH IN BLOOD PROTEIN RESEARCH

The cloning of Factor VIII

BY DAVID FISHLOCK, SCIENCE EDITOR



Porton International bioreactors at the centre for applied microbiology and research at Porton Down

SCIENTIFICALLY speaking, one new biotechnology company created in recent years stands head and shoulders above its 200-odd rivals in the new biotechnologies such as "genetic engineering." Its achievements include the cloning of interferon, human insulin and human growth hormone.

Genontech has scored once again, with the publication in *Nature* of papers describing how it has cloned another key component of the human machine. This is a huge protein called factor VIII, which when present makes blood "self-sealing," but which is scarce or missing in the blood of haemophiliacs—"bleeders."

This achievement could lead, in a few more years, to a synthetic source of the clotting factor to compete with the only sources available to doctors today, namely from donated human blood or the blood of pigs.

But the achievement is truly an Anglo-American joint venture, for British scientists, money and blood have all contributed vitally to the project. It has involved the Haemophilia Centre of the Royal Free Hospital in London, and Speywood Laboratories, a small Wrexham company now owned by Porton International.

Crucial

In fact, Speywood's initiative is the start of the story, for it provided both the technology and research funds for the crucial early stages of the quest, says Dr Sarah Middleton, its chief scientist.

Factor VIII is an extremely large protein molecule which, although known for 30 years, has proved very difficult to understand. It is the main ingredient causing blood to clot, but just where the body makes it was unknown until this year. Now it is known to be the liver, pancreas and perhaps elsewhere.

Haemophilia is a hereditary disease, almost wholly confined to the male, and characterised by uncontrolled bleeding from the most trivial wounds, such as a nick while shaving. Most haemophiliacs are treated by administering factor VIII, separated and purified from blood plasma by an inherently laborious and costly process called fractionating.

On average, the amount of factor VIII needed per patient costs about £2,500 a year. With it, most heamophiliacs can lead normal lives. Without it, they will survive only in hospital.

Speywood specialises in purifying porcine factor VIII, obtained from the blood of pigs, at a cost three times as great as the human substance. It is needed for haemophiliacs who are intolerant of human factor VIII. Dr Middleton and her team developed techniques for purifying it, based on polyelectrolytes, that makes it 30 times purer.

In 1981, Speywood joined forces with scientists at the Royal Free Hospital, where it was recognised that a very pure factor VIII was required as the first step to cloning, and then to a biotechnology process for making a protein far too big and complex to contemplate making by chemical synthesis.

The most obvious incentive for sythesising factor VIII is that it might prove cheaper than the natural product. But it will also be free of the risk of transmitting infectious diseases present in the original blood, such as hepatitis and acquired immune deficiency disease (AIDS).

Such risks have been publicised recently by the deaths of Australian infants due to the virus which causes AIDS, following transfusions of blood.

The first step in cloning any protein must be to characterise the substance so that the genetic engineer knows precisely what he is trying to modify. At the Royal Free, Dr Ted Tuddenham, senior lecturer in haematology, undertook to purify factor VIII in sufficient quantity and purity for the genetic engineers.

He used Speywood's polyelectrolyte process and added another of his own, using monoclonal antibodies. It required 1,200 blood donations to make one-thousandth of a gram of ultra-pure factor VIII in this way.

Meanwhile, the two teams sought a biotechnology company to undertake the genetic engineering. They chose Genentech, in San Francisco, as the team most likely to succeed in cloning its gene. "I personally pressed for them—and I don't regret it," Dr Tuddenham says. It put a team of about 35 PhDs to work on the challenge.

Using the ultra-pure substance from London, the Californian scientists untangled an extraordinarily long gene, built from 2,332 amino acid sequences. For comparison, alpha-interferon, first cloned in 1980 and expected to reach the marketplace next year, is much simpler, having only 166 amino acids.

Triumph

Nature, normally a sober scientific journal, heralded Genentech's achievement as "a technical triumph without parallel." But it also publishes work by a second U.S. biotechnology team, the Genetics Institute, which has made factor VIII by a slightly different route.

Haemophilia afflicts about 20 males in every 100,000—about 4,000 in the UK, for instance. For patients depending on regular life-long treatment, news that a purer source, free from risks of infection, can only be good.

The next big challenge for Genentech is to turn this technique into a commercial product. On past experience of genetically engineered products, this will take a further four or five years. But it has already been tested in a haemophilic dog in Cambridge.

Speywood reckons it has spent over £1m on research associated with the substance. When Porton International bought Speywood for about £4m this summer, it also bought a commercial agreement with Genentech which gives it production and marketing rights throughout much of Europe.

As Mr Wensley Haydon-Baillie, Porton's chairman, sees his acquisition, there were three good reasons for buying Speywood from its previous owners, the British Technology Group and Prutec (the Pru), which owned 90 per cent between them. One is its competence in purifying proteins. Another is that it was the world leader in purifying factor VIII.

And the third reason is the joint agreement with Genentech on production, distribution and marketing rights to genetically engineered human factor VIII.

The human costs of making programmes

Video & Film

BY JOHN CHITTOCK

THERE USED to be a saying in the film industry that the raw film stock rattling through the cameras (now over £20 per minute of 35 mm) was the cheapest thing on the screen. This justification for shooting sometimes 30 "takes" of a single scene was a recognition of the enormous cost of people, preparation and properties in the average film.

The erroneous notion that video is a cheaper method of production has consistently ignored this point, even after brushing aside the much higher capital cost of the equipment used in video. Moving pictures are expensive because of the human resources involved—and technology can do little to ameliorate the problem.

The subject of programme costs is now becoming a major issue for broadcasters, the cable TV industry and the entire non-theatrical sectors of industry and education. At a recent cable TV seminar in Manchester, producers were horrified when one cable operator admitted that the most likely price that cable TV would pay for newly-originaetd programmes was only £1,300 per hour.

The plain truth is that cable cannot afford to pay more. And as the economic pressures begin to mount on the BBC—with threats also to ITV's profit levy structure—the £50,000 per hour low budget programme of television begins to look rather costly.

The consequences of the problem are yet to be fully experienced by audiences, who will be increasingly subjected to repeats, lower quality material, and more kinds of sponsored programming. At a conference in Brussels last

Moving pictures are expensive because of the human resources involved and technology can do very little to ameliorate the problem.

week, Professor George Wedell supplied evidence of the demand for recycled cheap productions and the neglect of original programming in the fledgling satellite TV business: he claimed that over 50 per cent of Sky Channel's material consisted of video clips (eg, pop promos), Luxembourg's RTL Plus carried over 40 per cent of similar clips, TV Cinq (Belgium-French-Swiss satellite service) was re-runs of national programmes and 3-Sat (German language service about to start) will be all "golden oldies."

The producers cannot be very amused. Even less so the trades unions such as ACTT, whose journal carries in the current issue an article arguing for minimum crewing of three people on sound alone—when the Royal Television Society recently held a seminar with the title "Are One Man Crews too Large."

Cable television, with its *parochial economics, is serving* to concentrate the minds of the industry wonderfully—for what happens in cable today may well affect broadcasting tomorrow. The £100,000 TV commercial is absurdly out of reach to regional and local advertisers on cable—and one cable TV advertising contractor to whom I spoke last week was enthusiastic about a scheme to produce cable commercials for "only" £15,000.

Many industrial video producers would make a 15 minute programme for that price, and on film would charge little more. Yet a very sophisticated industrial film can easily cost £50,000 these days, despite a general feeling in the industry that prices have been held at almost a standstill for too long.

It is those human resources which present the obstacle to lower production costs. The crew and facilities for an industrial film—at four or five people, small by feature standards—will cost easily £1,200 per day. To that must be added travel and hotel expenses and the cost of anything in front of the camera. Any self-respecting documentary film will need a shooting schedule of at least two weeks, plus five or six weeks post-production time on editing, sound, etc. Times may be shorter with video production, but overhead costs are then substantially higher. Yet the most time consuming process of all might be—or should be—in the original subject research, scripting and preparation.

In these circumstances, there is little chance that technology can come to the rescue. The computerised control of video and film editing is promising some productivity improvements; and computers are being employed in sound mixing and more recently as an aid to production management — for example in searching for suitable film locations.

Another idea under examination for the cable industry is the stock shot commercial. Since the local Indian restaurant will find the screen time on cable quite enough to pay for, there is no way Mr Gupta could additionally contemplate a production cost of "only" £15,000 for his commercial. But with the help of an extensive stock shot library and an electronic character generator to produce the titles, various permutations on video should be possible quite cheaply ("No, those dishes are too Bengali—give me a touch of Punjabi. . .").

Innovations such as these may help a little, but there is generally little scope for major savings. We are surrounded by consumer hardware that is forever getting cheaper—a £350 VCR would, at its 1974 starting price, now cost over £1,300 if inflation-adjusted Labour-intensive processes are not amenable to such reductions, least of all those dependant on creativity.

With new media increasing the quantity of programming required, but the growing fragmentation of audiences actually reducing the amount of money available to pay for it, the dilemma is inescapable.

One hour of BBC drama is now averaging about £215,000, against £30,000 for a current affairs programme. Budgets like these suggest that broadcasting may be driven more into the production of material that video cannot handle and which satellite—with language problems — avoids: namely, highly perishable current affairs. The non-perishable, such as feature films, looks more like a product where the new media can take time to make customers pay for what they might once have seen on television free.

At another seminar recently, Mr James Lee—Chairman of Goldcrest Films and Television—estimated that 20 per cent of the company's revenue now comes from video. The next logical step for the hard-pressed cable industry, which cannot benefit from video, is to clamour for a pay-per-view system rather than a monthly subscription price for feature film channels.

In the absence of a breakthrough in reducing production costs, the industry can only turn to sponsorship to balance the books—which it is now increasingly doing. But if the viewer really is to be spared endless repeats and even worsening quality (from either side of the Atlantic) he will have to pay more for what in the past has been such an extraordinary bargain.

Retail

Cash till for pubs

AN ELECTRONIC cash till which could simplify the work of a pub has been introduced by Infocare, part of Eurotherm International. Though conventional in most respects, the till incorporates a small television screen which shows the customer what drinks have been ordered and totals the bill.

The till is linked by a communications line to each drinks dispensing unit. Mixed drinks such as cocktails can also be processed by the system which holds the recipes in a memory and records the proportion of each ingredient whenever that particular drink is served.

No codes are needed to operate the system and other items such as cigarettes can also be linked in till. The till can also be used to monitor snooker tables. Sensors in light switches connected to table lights show when they are in use and charges are automatically calculated for each table.

The basic till costs £1,500 with a complete system for a small bar twice that cost. More details from 07918 5641.

Energy

Fuel from oil and coal

The first trials of Com-fuel a mixture of oil and pulverised coal has begun at a power station at the mouth of Tokyo Bay. The Yokosuka plant belonging to the Tokyo Electricity Power company has been adapted for the three-month trial.

If the experiments are successful, the company will begin commercial operations in February generating 265,000 Kw per hour using the fuel.

The fuel is also under development by many countries including the UK, U.S., Sweden, West Germany and Canada. The Japanese company, Japan Com, has developed a special fuel additive make of a Naphtha derivative which prevents the heavier coal particles from sinking after mixing with oil.

Equal quantities of coal and oil are mixed together with the pulverised coal roughly the consistency of wheat flour. The fuel is thicker than oil and flows best when heated to 70 deg. C.

Japan Com has built a Y40bn plant at Onahama to produce 700,000 tonnes of the fuel annually. Within 10 years the company hopes to increase that to 5m tonnes.

THE STANSTED PARLIAMENTARY DEBATE

NOW YOU'VE GOT IT CORNERED DON'T LET IT ESCAPE!

The Secretary of State for Transport, the Rt. Hon. Nicholas Ridley M.P., has announced an early debate on the proposal to develop Stansted as the Third London Airport.

This ministerial decision is welcomed by the North of England Regional Consortium.

During the last three years, the Consortium has opposed Stansted on behalf of all the airport authorities and major local government bodies of all political persuasions of the North of England.

Its voice has been heard at the Stansted Public Inquiry—the third *investigation of its* kind, following two official rejections of earlier Stansted proposals on environmental grounds.

The Consortium has also pressed vigorously for a full Parliamentary debate on the major *national issues* inextricably involved with Stansted.

Now that a debate has been announced, the Consortium thanks the M.P.'s, local authorities, tourist boards, chambers of commerce, trade unions and the hundreds of individuals who have supported its call for Parliamentary involvement.

What are the major issues in the Stansted debate?

1. DOES BRITAIN NEED STANSTED?

Research by the Consortium shows that 4 out of every 10 international air travellers come from regions *outside* the South East. Why should so many of them suffer the expense, delay and inconvenience of being forced to travel via the South East?

If Stansted goes ahead, by 1995 over 20 million people per year will be subjected to this treatment.

If people who live in the regions were allowed to fly from their own regional airports direct to their *international destinations*, there would be an immediate lessening of overcrowding in the London airport system. Congestion in the South East is caused, in large measure, by people from the regions who are unwillingly forced to use a South Eastern route. Forcing these regional passengers to *another* South Eastern airport—Stansted—is a huge and unnecessary cost to the individual and to the nation as a whole.

2. HOW WILL STANSTED AFFECT THE DEVELOPMENT OF REGIONAL AIR SERVICES?

Over the last five years, the regional share of international air services has increased from 18% to 22%. This has been mainly charter tourist traffic. But any growth in scheduled services is certain to be halted and reversed by a heavily subsidised Stansted airport in unfair and unnecessary competition with the regional airports. In particular, the regional airports are grievously handicapped by the constant refusal of licences to international airlines wishing to serve the North, which undermines the viability of the entire regional airport system. Furthermore, it adds millions of pounds to the travelling costs of people in the regions—to say nothing of serious inconvenience and deplorable waste of time.

3. WHAT CAN REGIONAL AIRPORTS DO THAT STANSTED CAN'T?

An airport creates jobs and industrial development. Most regions of Britain have unemployment problems—some more than others. But the creation of a £1,000 million airport in the heart of rural Essex can hardly be seen as an answer.

Unfair and inequitable competition will divert still more job opportunities to the South and away from the North—where the burden of unemployment is already grossly disproportionate. An unemployed person in the North takes 2½ times longer to find new work than his or her opposite number in the South. Stansted would certainly make this imbalance even worse.

4. WHERE IS THE ECONOMIC SENSE IN STANSTED?

The development of Stansted would cost £1,000 million in public money—all to duplicate facilities already existing at the regional airports. Does this make economic sense?.

Social justice, as well as economic sense, would be far better served by using the regional airports to do the work for which they were created. Let them develop services to make full economic use of the facilities they already have—facilities which have been provided at public expense and with full Governmental approval.

The regional airports are not asking for more money. They do not want a hand-out, but simply the opportunity to fulfil their role, which is to serve the *travelling public* of the North.

5. WOULD STANSTED SERVE THE NATIONAL INTEREST?

The British Airports Authority argue that the national interest requires Stansted to be developed, in order to prevent a loss of airline passengers to various continental airports. In the view of the Consortium, this argument has no foundation.

Heathrow will remain the hub of Europe's air transport system. Stansted will not compete with Heathrow, nor will it compete with continental airports. The real competition will be between a subsidised Stansted and the regional airports.

6. WHAT ACTION IS NEEDED?

The issue of the third London Airport is one of many inter-related civil aviation problems including the *number of air movements* to be permitted at Heathrow and the licensing of international services from regional airports.

The rejection—for the third and hopefully the last time—of the costly Stansted proposals would clear the way for a rational and logical approach to these problems. £1,000 million of public money would be saved. The regional airports—a major national asset—would be used to their full social and economic potential.

This announcement has been presented for the urgent consideration of Parliament by the North of England Regional Consortium, which represents the County Councils of Cheshire, Cleveland, Cumbria, Derbyshire, Greater Manchester, Humberside, Lancashire, Merseyside, Tyne and Wear, South Yorkshire and West Yorkshire.

The City Councils of Carlisle, Leeds, Liverpool, Manchester, Newcastle and Sheffield.

The Airport Authorities of Blackpool, Carlisle, Humberside, Leeds/Bradford, Liverpool, Manchester, Newcastle and Teesside.

**If you would like to receive the detailed and quantifiable facts behind this announcement, please write to:
North of England Regional Consortium, PO Box 532, Town Hall, Manchester M60 2LA.**

the case for the
NORTH
North of England Regional Consortium

THE PROPERTY MARKET BY JOAN GRAY

Trust to diversify into insurance

THE London and Edinburgh Trust's decision to hire Mr Stuart McDonald, a director of N. M. Rothschild, as joint managing director highlights the trust's plans to diversify out of property development and into insurance and financial services.

It particularly wants to expand its insurance broking activities, said Mr Peter Beckwith one of the Beckwith brothers who founded London and Edinburgh and who will be joint managing director with Mr McDonald when he joins in January.

Mr Beckwith is already negotiating to buy a small insurance broking company based in south-east England.

"It's a brokerage earning between £300,000 and £400,000 profit a year after directors' remuneration," he said, "and we want them to provide a cushion against our overheads as developers."

Mr McDonald will also be looking for a "small finance house to buy, specialising in the second mortgage lending business, because historical data shows that loans secured by people's houses are a very safe form of lending."

The reasons for diversifying are put quite succintly by Mr Beckwith. "We want to expand our financial services to get the group away from its lumpy profit earnings," he said.

"We already have a rental income of £1m a year and want to increase this. But we also want more diversified income so we are not just relying on our development profits which are at the whim of tenants and funders.

"Insurance broking will give us first class earnings which should go on from year to year and make us more comfortable, because we can see our overheads being covered when we never quite know when our development profits are coming in.

"Development profits are the icing on the cake—and we want the cake as well.

"But we want to stick closely to businesses allied to our mainstream property business. We've got no plans to go into ball bearings in the Midlands or anything else like that."

As another part of the plan to raise the quality of the company's earnings and escape from the dependence on development profits, Mr Beckwith also wants to increase the proportion of property retained for investment.

London and Edinburgh has a £20m investment portfolio giving a rental income of approximately £1m a year and, says Mr Beckwith, "we want to try to retain a quarter of our developments in future to increase our rental flow."

Large City developments which London and Edinburgh is involved in include:

- the £120m Billingsgate office block and fish market redevelopment in which it has a 30 per cent stake with S. and W. Berisford and which Mr Beckwith is particularly interested in hanging on to for the rental income;
- a £90m development in Ropemaker Street in which he has a 50 per cent stake with Balfour Beatty;
- a 50 per cent stake in a £20m development at 1, Bishopsgate, with Guinness Peat.

Mr Stuart McDonald: "Gamekeeper turned poacher"

The trust has a portfolio of developments in hand worth between £400m and £500m, which are due to be completed over the next three or four years. Mr Beckwith estimates the company will need to raise £100m funding a year to back them.

This is where Mr McDonald's role of "gamekeeper turned poacher," as he puts it himself, comes in.

"With a £400m to £500m development portfolio any saving of ½ per cent on loans I can make is a significant contribution," he said. "I've spent the last few years financing companies similar to London and Edinburgh and I know what bankers want to achieve and what price they will do business at—and where I can clip a bit off."

Mr McDonald's responsibilities will include raising funds for London and Edinburgh's partners in developments—but he is emphatic that he is going to stay a property financier, not become a property developer.

"I understand property finance, but I'm not going to start trying to decide whether the right- or left-hand side of Camberley High Street is the right place to put a building up."

London and Edinburgh obtained a full listing on the Stock Exchange a year ago, and now has a market capitalisation of £33m. Mr McDonald wanted to join the company because "it's a fast-moving group with profits of £3.5m a year and I want to be part of building up something.

"Working in a small organisation is attractive because I come from a small business background and this is the nearest I can come to that without sacrificing the lifestyle to which I have become accustomed as a director of a merchant bank."

Peachey lets development to Sedgwick

PEACHEY PROPERTY'S 42,000 sq ft Standon House in Mansell Street, London, E1, has been let to the Sedgwick international insurance group for a rental of £650,000 per annum.

Sedgwick has taken the entire development, which includes five floors of offices totalling 30,000 sq ft at a rental of £17.65 a sq ft, a showroom and three flats.

Joint letting agents were Jones Lang Wootton and Sinclair Goldsmith.

£2m supermarket plan for Glasgow

A £2m supermarket for Fine Fare has been proposed by Lawfield Investments for the site of the former Gourock Rope Works Factory at Bay Street, Port Glasgow.

The project will provide about 13,000 sq ft of retail space and 100 jobs. The developers are being advised by the Glasgow office of Richard Ellis.

BT agrees to rent Cambridge office

Trafalgar House Developments has let its 24,000 sq ft Clarendon House office building in Cambridge to British Telecom at a rent of £156,000 per annum, equivalent to £6.50 a sq ft.

Survey pinpoints European cities with best potential for developers

FOUR CITIES — Rotterdam, Brusels, Frankfurt and Paris—are pinpointed as being the most likely centres for profitable office development in Western Europe, in a survey by Ketteridge and St Quintin, the Continental arm of the UK chartered surveyors.

Duesseldorf, The Hague, Amsterdam, Utrecht and Antwerp are also identified as offering good potential for developers, but only as second-rankers after the first four.

The company surveyed all the main commercial centres in West Germany, Holland, France and Belgium and concluded that "the Eupropean office market is on the threshold of a new investment cycle."

There are now opportunities for British investors to re-enter the European market from which they largely withdrew in the recession of the late seventies it says—but they will need to be more selective than before and realise that the competition is stronger.

"UK fund managers are now taking another look at Europe," said managing director Mr Eric Ketteridge, "but this time the accent is on well-defined quality."

British investors will also have to face "sophisticated competition from local funds and private investors," he warned. "But UK funds should not lose out because they tend to have more financial muscle and expertise and a more entrepreneurial outlook."

Brussels emerged as a strong winner in St Quintin's commercial centres survey, with less than 107,000 sq ft of new prime office space on the market and increasing demand from EEC, governments and multinationals.

"The city offers excellent investment opportunities for developers and funds willing to undertake site assembly," says St Quintin.

In Frankfurt, the survey found that there was a "strong demand" for new development in the city centre, although there is an over-supply of office space on the outskirts.

In Paris, rents in prime locations such as the Champs Elysees and the Place Vendome have risen to between £14.70 and £16.40 a sq ft, the highest of the four "winning cities" in the survey. This compares with £6.30 a sq ft in Rotterdam, £5 a sq ft in Brussels having risen from £4.40 a sq ft last year, and £8.40 a sq ft in Frankfurt, tipped to rise to £10.40 next year.

The high Parisian rents are due to high interest rates on long term money, which have touched 17 per cent, and the French Government's office decentralisation policy, says the survey. "Planning permission is, however, obtainable for relatively small units provided they integrate with the environment of inner and outer suburbs."

In Rotterdam, available office space totals 1m sq ft, "but only one-quarter of this is in well located, well conceived new buildings."

Ketteridge and St Quintin also examined the recession-hit industrial property markets throughout the four countries, and here again Brussels emerged as a particularly bright development prospect.

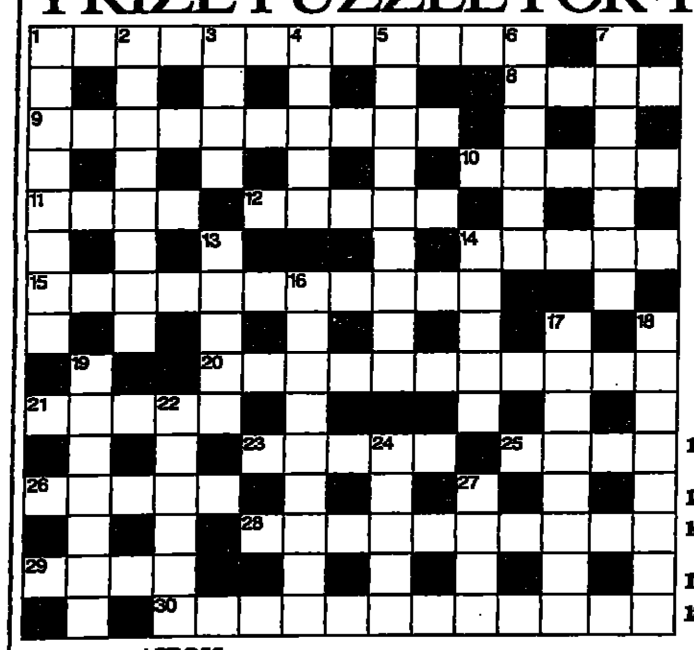
"Brussels and Antwerp have been least hard-hit by the recession," says the survey. "Belgium is rapidly becoming the distributive centre for Europe and there is good demand for small units at rents between 30 and 35 per cent higher than three years ago."

This contrasts sharply with the position in Holland, where "there is still an active letting market in Utrecht and Rotterdam, but rents have not grown for two years."

In West Germany, the survey found that as in other countries, demand stems from the electronics and computer industries. Newly built properties are rare, and older buildings do not attract tenants and investors. Rents are steady.

The industrial property market in France got a strong thumbs down. "Due to recession and institutional reticence, it is unlikely that development of industrial property will return," the survey concludes.

PRIZE PUZZLE FOR THE CITY



ACROSS

1 A capital place for business (4,2,6)
8 Smith who shaped the science of political economy (4)
9 Has the traffic going in circles (10)
10 What's called St. Mary le Bow & St. Pauls? (5)
11 Caught in nearby Fish St. Hill? (4)
12 Metallic mixture debases the gold standard (5)
14 A toff this man of property (5)
15 Proprietor's property (11)
20 Reaffirmation of one's right to enter Rio with stupid fellow around (11)
21 In short does it lead a loud existence predicting money matters? (5)
23 These costs to be borne by the ingoing tenant (5)
25 Briefly the nationality of the Lombard bankers (4)
26 Appropriate way to develop Poultry (5)
28 Old inns where one could buy stamps? (10)
29 A sharp drop (4)
30 Cheating Mrs Peron on bell duties (7,5)

DOWN

1 Where the EEC stores one of its smaller grain mountains? (8)
2 A case of turn turn the monarch (8)
3 Strife at the bookies (4)
4 Bile, learner bothered to put in writing (5)
5 Hypersensitive people disturbing nice upper class sort (9)
6 Calling for a nominal answer (6)
7 Report about relatives – that's the Old Lady's business! (7)
13 A part of the business at the Stock Exchange (5)
14 Market place in Athens (5)
16 Tenure available on premises (9)
17 Clickety-click (5,3)
18 Results of a critical examination (8)
19 The management of money (7)
22 A little attention seeking in outward appearance (6)
24 Instruction to a thespian from West London (3,2)
27 Square in property, flat in the Constabulary (4)

This prize crossword contains the address of a prime office building with banking hall available to let in the City. Complete the crossword, identify the property and we will award a case of Champagne to the senders of the first six correct solutions. Entries must reach 10 Islington Green London N1 marked Competition by first post on Monday 10th Dec.

THE PROPERTY IS ____________

Name ____________

Address ____________

If you do not wish to enter our prize crossword but would like further details of the property please contact:

Restructuring Renold

The long struggle to regain profitability

Nick Garnett reports on the UK chain maker's survival strategy

MANAGING DIRECTORS in Britain's shrunken and still shaky engineering industries have many different phrases for it. "Refinding our way" is the one opted for by Nigel Blakstad of Renold, the power transmission group whose managers, by the turn of the decade, had clearly lost theirs.

Two years of profound organisational restructuring, business amputations, new management appointments, and a dramatic labour-force cutback from more than 11,000 in 1981 to 5,000 now, have at last put Renold back on to a forward tack.

"We've still got one hell of a long way to go to be as profitable and as healthy as we once were," Blakstad concedes. Nevertheless, the half year £1.4m profit announced by Renold last month as against a £2.6m loss incurred in the same period of 1983 is evidence of a change in fortunes. So too is a share price of around 45p when it was once down to 19p.

The company, still claiming to be the world's largest chain maker but now settling into a tighter suit of clothes (Renold is considerably smaller now and the company golf course has been abandoned to property developers) talks about prospects with cautious optimism. This is a far cry from the autumn of 1982 when the board was drawing up a survival plan in the face of heavy borrowing, stagnant turnover at around £120m and mounting pre-tax losses which eventually totalled £5.7m over two years.

"It was a survival plan because survival was what we were talking about," says Blakstad, who took over as chief executive three years ago as the group was moving from profit to loss.

Renold suffered an extra internal embarrassment in May last year just before a major announcement on restructuring when its shop stewards combined to issue a 24-page report attacking the company's overall direction, marketing and financial strategy. The group defended itself against part of that report but some of the mud stuck.

For a group manufacturing a wide range of equipment from power transmission chain, through gears, clutches and hydraulic motors to electric speed controllers, rotor milling equipment and machines for producing pharmaceutical tablets, Renold has suffered three of the classic problems endured by the engineering sector.

Attitudes

Vast structural changes in demand have swept over it during the past three decades, particularly in chain making. It saw the quality-sensitive bicycle chain market to which it once supplied 1m ft of chain a week swallowed up by Eastern European and other low cost producers in the 1960s. Almost all of its motorbike chain business disappeared with the demise of the UK bike industry (though it still makes considerable replacement chain) and the trend towards engine timing belts rather than timing chains (a trend now partly reversed) badly hit this sector in the 1970s.

Renold, whose competitors range from the French chain maker, Sedis, to David Brown Gears, was forced to adapt to these changes. But the recession and the decline of manufacturing has been an altogether ruder shock. Demand for industrial power transmission chain and some types of gears has dropped by a third or more in the past five years.

As with so many companies, *Renold has also had to face up* to the fact that much of its structure and many of its attitudes were just not up to the rigours of rapid response and that it took too long to begin addressing itself to these problems.

Up until 18 months ago Renold was largely a single highly-centralised bloc with buying, selling and cost control operations for its businesses principally handled in the vast expanses of its headquarters at Wythenshawe, Manchester. Direct contact between marketing and research and development was sketchy. The very high value (£72m) of stocks and work in progress in 1982 partly reflected paucity of controls and the company's then relatively high 67 per cent gearing of borrowing to shareholders' funds was rising.

Ken Ryder, Transport and General Workers Union plant convenor at the heavy chain plant in Burnage, Manchester and secretary of the stewards combine, describes investment as "pretty terrible." Blakstad does not go that far but agrees that investment has been inadequate. Wythenshawe was and still is (occasionally) referred to by shop stewards as the "ivory tower," an indictment perhaps of internal communications, though Ryder says these are now much better. In their turn company managers have in the past criticised the shopfloor's unwillingness to accept change.

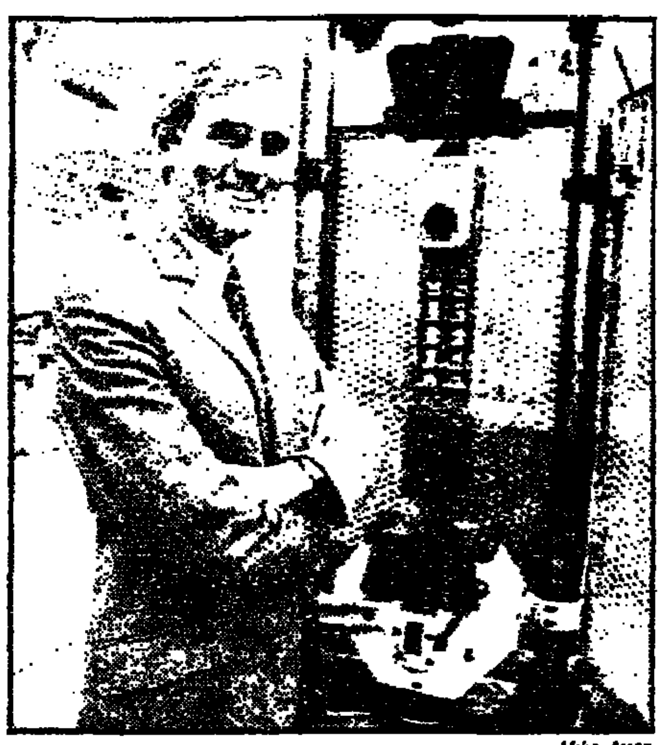
A good deal has changed now. One of the centrepieces of the restructuring, set in train with the help of the Boston Consulting Group has been the splintering of Renold into 11 UK businesses and profit centres (along with 18 operating units abroad).

Brian Thompson, the finance director brought in from the TI industrial group 18 months ago, says these units, with control of their own production and sales forces, are much more responsive to customer inquiries.

The pace of financial reporting has been quickened with much more frequent short-term rolling plans. The strategy of each unit is thrashed out with its managing director.

"Systems and financial controls that were adequate 10 years ago were not adequate for today's responses," says Blakstad. One of the results of more stringent financial management is that the value of stocks and work in progress was lowered by £12m last year and is now still too high but more manageable at £47m.

A corporate development director was appointed for the first time six months ago and market research and research and development have been brought under one roof. "Requests come from below to R and D rather than coming down as it once did from the tablets," one manager says. The board under Sir Campbell Adamson as chairman since 1982 has become more broadly based with more people brought in as executive directors from companies like Lucas and the Imperial Group.



Mike Arron

Nigel Blakstad: "Survival was what we were talking about"

Retrenchment, job shedding and the selling-off of some non-core businesses which is costing £30m in write-offs and redundancy payments over two years is another centrepiece.

Light chain making at Burnage has been transferred to the company's French operation at Calais, and much of the Burnage site bulldozed for new Barratt and Wimpey houses. Worm gear production has been stopped at Renold's Croft works in Bradford and production concentrated at Milnrow. The loss-making Atlas chain company in the U.S. has been sold off as has the John Mountford Forgings company in Manchester. Parkinson's Machine Tools near Bradford has been shut.

Renold's product variety has been whittled down. It has stopped making a range of rigid couplings, halted production of electro-magnetic clutches and brakes and got out of large helical gears. "The latter is a very competitive market in heavy engineering," says Blakstad. The group has also contracted into very much smaller office space at the Wythenshawe headquarters built in the boom years of the 1950s.

The group is not free of its worries. Some shop stewards have not been enamoured with *what has been happening on* pay. Some plants have not had a basic wage increase for four years though there has been some upward movement in bonus pay related to factory performance. Blakstad himself, while expressing satisfaction at the group's new structure and operating methods, says much needs doing to get it running the way it should. Manpower reductions have not yet been completed and the gearing ratio is now 100 per cent, partly because of the right-offs, but is now coming down.

But there are already signs of some market upturns and changes in demand might at last be working in Renold's favour. Most of the engines on the drawing boards of the big car manufacturers are being designed with timing chains. Increasing use of electronics in process control, demand for more variable speeds on conveyors and robotics are also playing into the hands of Renold Electronics.

A new generation of AV variable speed motors is being tested and the company has benefited from the technology of chromising bearing pins on timing chains.

Transmission chains have steadily declined in importance as a contributor to turnover. Blakstad, while stressing the group's commitment to chains and gears, sees a progressive shift in emphasis to hydraulics and electronics. Meanwhile the shift in Renold's performance continues. "It's been a very tough road," says Blakstad, "but we are going to continue what *we have been doing in the past* couple of years. It will be a highly successful company again."

Boardroom responsibilities

The increasing burden of legal liabilities

Alison Hogan on a growing concern of the Institute of Directors

THE INSTITUTE of Directors has catalogued an alarming list of no less than 200 potential offences under the Companies Act and 250 separate statutes which make directors personally liable for offences committed by their companies.

Top of the danger list is the gaming industry, followed by retail businesses.

"The introduction of the Government's Insolvency Bill next week will only heighten this legislative burden, which is already substantial," says Graham Mather, head of the IoD policy unit.

Under the Government's proposals relating to "wrongful trading" directors' exposure to liability for corporate debts and their exposure to having to justify their actions to others operating with the benefit of hindsight, will be greatly increased.

Increases the burden

Mather considers it ironic that soon after a Government inquiry is established to look into ways of reducing the administrative and legislative burden on business, one department should be preparing to come forward with a Parliamentary bill which increases the burden.

A new booklet has been produced by the IoD to add force to its arguments, and guidance to anxious members. It lists every possible offence where a director may be made personally liable.

A mass of legislation has evolved concerning directors in which, according to the IoD, economic intervention clashes with corporate status "and directors become the human embodiment of the company for the purpose of being proceeded against and punished."

Enforcement provisions show an "extraordinary lack of consistency," it says, with different formulae achieving the same objective. There are three different definitions of "connected person," to take one small example.

The penalty for obstructing an inspector can vary from a mere £50 up to the maximum £2,000 penalty. "There is no reason why the penalty should be worse in one case than another," says the IoD.

"The enforcement and explanatory provisions are tagged on to legislation without particular consideration of their consistency with other legislation," it adds.

The IoD guide provides a checklist for directors as to the liabilities to which they may be exposed, classified into five different categories:

● the director's duties to his company;
● personal liabilities arising to third parties as a result of an individual holding the office of a director;
● liabilities arising from the Companies Act;
● vicarious responsibility for corporate torts (i.e. circumstances in which both directors and a company may be liable for a non-criminal unlawful act);
● vicarious responsibility for corporate criminal offences.

Statutory provisions creating a vicarious liability on directors for corporate offences have mushroomed since the Second World War, covering many areas including the protection of investors, banking and finance, economic intervention, copyright and patents, betting and gaming.

The law sometimes pushes vicarious liability beyond the proof of consent or connivance, to a director's mere oversight. Thus in the event of a failure at any particular level of authority, the conduct of the next higher level of authority will be called into question.

Strict liability depends on the wording of the legislation. Offences of strict liability, committed by a company, can only be made the vicarious responsibility of the director if the statute specifically so provides.

Consumer protection laws make the retail industry one of the most complex areas of operation; "to be guilty of a crime normally requires proof of criminal intention, but a major feature of consumer protection legislation is the large number of offences of strict liability," says the IoD.

These are offences which do not require proof of criminal intent in their commission and thus effectively shift the burden of proof from the accuser to the accused.

The IoD, in a separate booklet on the Board and consumer protection, recommends a four-point boardroom approach to consumer matters:

● review your company's exposure under existing legislation and take conscious decisions on all aspects of consumer relations;
● create adequate systems to ensure that your company complies with its obligation to consumers;
● ensure that staff are properly trained on consumer protection;
● make sure your company's approach to consumers is monitored regularly.

Important concessions

The Institute of Directors has had detailed discussions with Alex Fletcher, the Minister responsible for consumer affairs, and has gained some important concessions in the wording of the forthcoming Insolvency Bill.

"The battle is not over yet, however." It hopes to gain further concessions as the Bill passes through both houses of Parliament. "The Government inquiry into administrative and legislative burden weighing on smaller businesses, will raise a further opportunity to tackle the existing legislation which, the IoD says, provides for "much stricter tests of skill and care than apply to any other profession, including a brain surgeon."

Guide to the Boardroom Practice No. 6—Directors' Personal Liabilities. £5.95. *Guide to Boardroom Practice No. 5—The Board and Consumer Protection.* £2.95. *Institute of Directors, 116, Pall Mall London SW1Y 5ED.* Tel 01-839 1233.

هكذا من الأهل

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
30	1	2	3	4	5	6

Theatre

TOKYO

Takarazuka All-Girls Revue: Takarazuka Theatre. An original operetta 'My Love for Beyond the Mountains,' it is the counterpart of Kabuki. Spectacular, simple plot, English synopsis. Ends Nov 28. (591 1711).

Agnes of God: The Japanese version of J. P. Myers play starring Keiko Takeshita and Hisano Yamaoka with the set by one of Japan's foremost designers Setsu Asakura. Hakuhinkan Theatre, Ginza (571 1003).

Piaf: written by Ken Miyamoto, directed by Koichi Kimura and starring Noburo Kazuki. Theatre Apple Shinjuku (207 5588).

WEST GERMANY

The English Theatre in Munich is presenting the British National Theatre's touring production of 'Orwell's England' on Dec 4 and 5 at the Alabama Halle, Schleissheimer Strasse 418 (089/381 88 52).

LONDON

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Mother Courage (Barbican): Fine RSC presentation by the design team of Cats – John Napier and David Hersey – with Judi Dench as a scavenging, music hall and finally moving Courage pushing her elaborate cart of stage machinery through the Heavyside Layer. Howard Davies directs, good support from Trevor Peacock, Stephen Moore and Zoe Wanamaker. (628 8795).

NEW YORK

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring Georges Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6262).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): *Harvey Fierstein's ebullient and* touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

On Your Toes (Virginia): *Galina Panova* with presumably a genuine Russian accent leads an exuberant cast in the remake of Rodgers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Noises Off (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage slapstick farce to Broadway in Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (245 3430).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

WASHINGTON

Crossed Words (Folger): A Christmas season pantomime is not much of an American tradition, but with John Neville-Andrews, an English head of the company, and the Globe Theatre as the setting, there is hope it can still catch on. Ends Jan 6. (546 4000).

Opera and Ballet

LONDON

Royal Opera, Covent Garden: Thomas Allen, arguably the leading Don Giovanni of the day, gives his first Covent Garden account of Mozart's most demanding baritone role. Also in the cast are Makvala Kasrashvili, Barbara Daniels, John Tomlinson and Stuart Burrows; Arnold Ostman, admired conductor of the Stockholm Drottningholm Opera, makes his Royal Opera debut.

English National Opera, Coliseum: Cosi fan tutte, a small-house opera which in John Cox's elegant production survives the expansion in London's largest theatre, returns with a cast led once again by Felicity Lott, and introducing such Mozartian newcomers as Jean Rigby, Meryl Drower and Christopher Booth-Jones; Peter Robinson conducts. Further performances of David Pountney's wilfully poetic production of Dvorak's Rusalka, and Arabella with Josephine Barstow in the title role, and of Patience, the ENO's best attempt yet at Gilbert and Sullivan. Josephine Barstow is also repeating her much praised performance as Janacek's 339-year-old heroine of The Makropoulos Case, in David Pountney's production which returns to the Coliseum this week, conducted by Richard Armstrong.

Sadler's Wells, Rosebery Avenue: The London Contemporary Dance Theatre is performing two programmes this week, changing on Tuesday.

PARIS

Der Rosenkavalier alternates with Spectacle de Ballets and Die Entführung aus dem Serail. The Lighthearted Türkerei is conducted by Hans Graf in a Giorgio Strehler production in Luciano Damiani's decor and costumes. Pacha Selim's role is interpreted by Michael Heltau/Georg Schluchter. Constance is sung by Gianna Rolandi and Belmonte by Barry McCauley. Paris Opéra. (7425750).

Gavin Bryers' Medea, after Euripides. The Opera is constructed in a traditional manner, but the orchestra is unusual. The costumes are by Franca Squarciapino. Théâtre des Champs-Elysées (7234777).

Spectacle Commedia dell'Arte: Harlequin, Magician Through Love in Ivo Cramer's choreography with Harlequin alternatively danced by Patrick Dupond and Rudolf Nureyev: Carnival in Michel Fokine's choreography and Leon Bakst decor and costumes with Patrice Bart alternating with Patrick Dupond in the role of Harlequin; Le Bourgeois Gentilhomme in Balanchine's choreography with Patrick Dupond and Rudolf Nureyev alternating as Cleonte. Opera Comique-Salle Favart (2960611).

NETHERLANDS

Arnhem, Stadsschouwburg. The National Ballet with works by a new generation of choreographers (Fri). (422741).

Utrecht, Stadsschouwburg. The Netherlands Opera production of Don Giovanni, with John Broecheler in the title role and Roberta Alexander and Ashley Putnam in other leading parts, the Netherlands Chamber Orchestra and the Opera Choir under Edo de Waart and Ed Spanjaard, with the National Ballet (Tue). (310241).

ITALY

Milan: Teatro Nuovo: Lindsay Kemp's Mime Company with a nostalgic piece on Hollywood in the 20s, followed by 'The Big Parade' with battle scenes (Verdun) and a scene taken from 'All Quiet on the Western Front'. The show is less violent and provocative than his usual style. (708088).

Trieste: Teatro Verdi: Puccini's Madame Butterfly with Marion Vernett Moore, conducted by Baldo Podic (Fri). (631948).

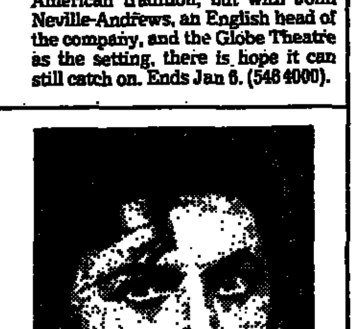
Turin: Teatro Regio: Verdi's 'I Due Foscari' conducted by Maurizio Arena and directed by Sylvano Bussotti: sung by Licinio Montefusco, Nicola Martinucci and Sunja Vejzovic (Sat; Tues). (548000).

WEST GERMANY

Berlin, Deutsche Oper: Der Troubadour is conducted by Herbert von Karajan. Hänsel and Gretel has Janis Martin and Gerd Feldhoff in the title roles, and Die lustigen Weiber von Windsor, Kaja Borris and Alfred Kuhn in the main parts.

Hamburg, Staatsoper: The controversial production of Boris Godunov by Kurt Horres has Kurt Moll in the title role. Hänsel und Gretel brings together Elisabeth Steiner and Jutta-Renate Ihloff in the title roles. The Magic Flute has Celina Lindsley as Queen of the Night.

Cologne, Opera: This week's highlight is Salome with Lisbet Balslev in the title role. Also The Magic Flute, produced by Jean-Pierre Ponnelle.



Thomas Allen as Don Giovanni at the Royal Opera House, Covent Garden.

NEW YORK

Metropolitan Opera (Opera House): The week includes Klaus Tennstedt *conducting the first seasonal performance* of Elektra, James Levine conducting Simon Boccanegra with Sherrill Milnes playing Verdi's powerful doge, in addition to the repertoire of Il Barbiere di Siviglia conducted by *Silvio Varviso with mezzosoprano* Julia Hamari and baritone Leo Nucci; Manon Lescaut conducted by Nello Santi, as well as Jean Pierre Ponnelle's new production of La Clemenza di Tito conducted by *James Levine. Lincoln Center* (362 6000).

New York City Ballet (New York State Theater): The 81st season continues its tribute to George Balanchine with mixed programmes of Balanchine, Robbins and Martins choreography. Lincoln Center (870 5570).

WASHINGTON

Washington Opera (Opera House): The *season continues with a new production* of La Sonnambula and a revival of Menotti's The Medium & The Telephone. Kennedy Center (254 3770).

CHICAGO

Lyric Opera (Civic Opera): J. Patrick Raferty is Figaro and Kathleen Kuhlmann is Rosina in Il Barbiere di Siviglia and Eva Marton continues *in the new production of* Richard Strauss's Die Frau ohne Schatten; Carmen stars Alicia Nafe and Maurizio Frusoni as Don Jose. (332 2244).

Music

PARIS

Janet Baker, mezzosoprano, Geoffrey Parsons, piano: Schumann (Mon). TMP-Châtelet (2334444).

Ensemble Intercontemporain, concert *Gary Bertini: Stravinsky, Dallapiccola*, Rihm, Lutoslawsky (Mon). Théâtre de la Ville (2742277).

Quatuor Juilliard: Schumann, Irving Fine, Mozart (Tue 6.30pm) Théâtre des Champs Elysées (7234777).

Ensemble Orchestral de Paris conducted by Armin Jordan, Cecile Ousset, Piano: Beethoven, Mozart (Tue). Salle Pleyel (5630796).

Orchestre National de France conducted by Lawrence Foster, Vladimir Ashkenazy, piano: Enesco, Rachmaninov, Prokofiev (Tue, Wed 8.30pm). Théâtre des Champs Elysées (7234777).

LONDON

Oslo Philharmonic Orchestra, Mariss Yansons conductor, *Jens Harald* Bratlie, piano: Berlioz, Grieg Piano Concerto, Shostakovich Symphony No. 5. Barbican Hall (Mon). (638 8891).

London Philharmonic Orchestra, conductor *Jesus Lopez-Cobos*, Florence Quivar, mezzosoprano: Wagner Bruckner. Royal Festival Hall (Tue). (928 3191).

Natan Brand, piano: Schumann recital. Queen Elizabeth Hall (Tue). (928 3191).

The BBC Symphony Orchestra, Singers & Chorus conducted by Sir John Pritchard, with soloists Teresa Cahill, Alfreda Hodgson, Arthur Davies and Benjamin Luxon performing Delius's A Mass of Life. Royal Festival Hall (Wed). (928 3191).

Royal Philharmonic Orchestra, conductor Tamas Vasary, Emanuel Ax, piano: all-Beethoven programme of Coriolan Overture, Emperor Piano Concerto and Symphony No 5. Barbican Hall (Thur). (638 8891).

NEW YORK

New York Philharmonic (Avery Fisher): Zubin Mehta conducting, Ivry Gitlis, violin: Carter, Ravel, Chausson, Saint Saëns (Tue); Zubin Mehta conducting, Christian Altenburger, violin, Carole Farley soprano; Schubert, Berg (Thur). Lincoln Center (799 9595).

Carnegie Hall: Russell Sherman, piano recital: Beethoven, Liszt (Mon). (247 7459).

WASHINGTON

National Symphony (Concert Hall): Günther Herbig conducting, Sergei Edelmann, piano: Beethoven, Brückner (Tue); Andrew Litton conducting. Weber, Schumann, R. Strauss, Respighi (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): Kurt Masur conducting, Annerose Schmidt, piano: Prokofiev, Martinu, Dvorak (Thur). (435 8122).

VIENNA

Handel's Messiah, the Vienna Madrigal Choir conducted by Xaver Meyer. Musikverein. (Sun). (658190).

José Carreras sings Lieder with Ronald Schneider at the piano. Hahn, Fauré, Mascagni, Puccini. Konzerthaus (Mon). (721211).

Franz Sladka, violin, Kumiko Ueda, piano: Tartini, Ysaye, Dvorak, Prokoviev, Franck. Bosendorfer Saal (Tues). (656651).

ZURICH

Tonhalle: Tonhalle Orchestra, conductor H. Wakasugi, R. Buchbinder, piano: Wagner, Honegger, Brahms Piano Concerto No. 1 (Tue, Wed, Thur, Fri). (201 1580).

NETHERLANDS

Amsterdam, Concertgebouw. Anton Kersjes conducting the Amsterdam Philharmonic, with Theo Olof, violin: Heppener, Van Delden, Ravel, de Falla (Tue, Thur). Yukiko Kamei, violin, and Frederic Meinders, piano: Beethoven, Bloch, Lazarov, Franck (Recital Hall, Tue). In the Recital Hall (Thur) The Juilliard Quartet with a programme of Schubert, Fine and Beethoven. (718345).

Rotterdam, De Doelen. The Rotterdam Philharmonic conducted by Edo de Waart, with Viktor Liberman, violin: Prokofiev, Mahler (Fifth Symphony). (Thur). (142911).

ITALY

Rome: Auditorium of via della Conciliazione: The Juilliard String Quartet: Schubert, Martino and Beethoven (Fri) and Georges Prêtre conducting the music from Roussel's 'Bacchus et Ariane' and Ravel's 'La Mere l'Oye' and Bolero (Sun, Mon, Tues). (65.41.044). Oratorio del Gonfalone: Vivolo della Scimia 1/b (Via Giulia): The 'cellist Luca Signorini and the harpsichordist Barbara Vignanelli playing Vivaldi and Handel (Thurs). (655.952).

Exhibitions

BRUSSELS

Museo del Oro de Bogotá, Colombian Gold Artifacts. Bellevue Museum. Ends Jan 20.

Antwerp, Fine Arts Museum. Aspects of Irish Painting; Basil Blackshaw, Patrick Collins, Barrie Cook, Louis le Brocquy, Tony O'Malley and Camille Souter. Ends Dec 9.

NETHERLANDS

Amsterdam, Allard Pierson Museum: Similar But Different, an exhibition marking the archaeological museum's 50th anniversary, *is devoted* to daily life in Egypt, from 3800 BC to 600 AD. Not grandeur, then, but domesticity, as the visitor is led through a series of small rooms (one a re-creation of an Egyptian interior) displaying everyday objects, delicate faience work, jewellery and religious artefacts. Richly illustrated catalogue. Ends Jan 1985. Concurrently, on the top floor, a remarkable display of the earliest photographs (1839-1860) of the monuments lining the Nile.

ITALY

Venice: Palazzo Ducale: The Treasures of the Pharaohs – a rich and fascinating exhibition of more than 80 works (lent by the Cairo Museum) – covering over 3000 years, and containing an enormous variety of objects from mundane things such as combs and cooking pots to the contents of Tutankhamun's tomb. Until End of December.

Rome, Braccio di Carlo Magno. Raphael in the Vatican: the last in a series of exhibitions which have been held in Paris, Rome, Florence and Urbino, marking the 5th centenary of the painter's birth. The exhibition contains material from the secret archives. The Vatican Library and the Papal apartments, and is a wonderful chance to see objects not usually on public view, and the details of inaccessible frescoes. Until Jan 16.

Milan: Galleria Gastaldelli, Via Lanza 8. Drawings, watercolours and oils by Renato Guttuso. Until Dec 30.

WEST GERMANY

Goslar, Mönchehaus, Mönchehausstrasse: Bronze sculptures by Willem de Kooning, the abstract expressionist U.S. artist, who won this year's Goslar cultural prize. Ends Dec 6

Cologne, Museum für Ostasiatische Kunst, 100 Universitätsstrasse: The Museum of Far Eastern Art is showing Korean art – some of which is more than 5,000 years old. It includes extremely thin-walled storage jars with scratch patterns, bronze and stone weapons, glazed vessels, woodcut prints, gold sheeting and gold ornaments, pearls, green jade and glass, a sepulchral crown, bronze figures and tombstone reliefs. Ends Jan 13.

VIENNA

Medieval Art from Serbian Monasteries: This exhibition from Yugoslavia of religious art from Serbian Medieval Monasteries covers the period from the 10th to 17th centuries and includes some intricately worked silver book covers, chalices and incense burners. Gilded icons are also of interest, showing a surprisingly modern angular technique in depicting garments. Other exhibits include illuminated manuscripts and copies of frescoes, and all show a fascinating intermingling of eastern and western artistic influences. Museum of Mankind. Ends Jan 20.

LONDON

The Royal Academy: Modern Masters from the Thyssen-Bornemisza Collection – a remarkable run through the history of western painting in *the past 100 years or so. It reflects,* as it must, the collector's taste and prejudices. But these are tempered by an admirable catholicity of interest, which can accomodate quite happily impressionism with surrealism abstract expressionism with constructivism, realism with cubism. We begin with Corot and Degas and end with Bacon, Freud and Giacometti, with Pollock, Picasso, Mondriano, Beckmann, and so many others in between. Ends Dec 19.

PARIS

Le Douanier Rousseau: Extraordinary tropical vegetation with exotic flowers, gently poetic images of Paris and its surroundings, dignified portraits of himself and his friends fill Douanier Rousseau's canvases. Self-taught, appreciated by Apollinaire yet cruelly mocked by others, he found an escape from the daily humdrum existence in the dream world of his paintings. Grand Palais, 10am-8pm, Wed till 10pm, closed Tue. Ends Jan 7. (260.39.26).

NEW YORK

Museum of Modern Art: Primitivism in 20th Century Art has much good modern work by Picasso, Max Ernst, Brancusi among many others as well as striking tribal objects from Asia, Africa and North America, but the theme itself seems meant to fill space more than provide a better understanding of the primitives or the moderns. Ends Jan 15

WASHINGTON

National Gallery: Old Master Drawing from the Albertina, celebrating two centuries of Austro-American relations, includes Dürer's Praying Hands among the 75 works by Fragonard, Rembrandt, Pieter Bruegel the Elder, Lucas Cranach the Younger, and others. Ends Jan 13.

TOKYO

Contemporary Japanese Art, the annual exhibition known as the Nitten (the largest in Japan) of contemporary art over the last two decades, includes works by Japan's new generation of artists. Tokyo Metropolitan Art Museum, Ueno Park (close to the National Museum). A visit provides both an interesting art experience and the opportunity to sample a Tokyo autumn in one of the city's largest parks. Enjoy lunch in the open between exhibitions, view the autumn leaves and observe Tokyo *families at play. Ends Dec 16.*

John Salthouse, Tracey Ullman and Paul Mc Cartney in 'Give My Regards to Broad Street'

Cinema/Nigel Andrews

Crackling fun from the north

A Private Function, directed by Malcolm Mowbray
Give My Regards To Broad Street, directed by Peter Webb
Le Bal, directed by Ettore Scola
Metropolis, directed by Fritz Lang: Rock version by Giorgio Moroder
The Brother From Another Planet, directed by John Sayles

The title of *A Private Function*, like its author Alan Bennett, is prim, staid and owlish on the outside, but stuffed with wit and wicked innuendo underneath. It denotes not just the banquet being anxiously prepared by the dignitaries of a small Northern town in England in 1947 to celebrate the imminent marriage of Princess Elizabeth to Philip Mountbatten: a beanfeast planned by Dr Denholm Elliot and his pals *Richard Griffiths* and John Normington, and starring (hopefully) a fat, juicy and illegal Black Market pig. (We are in the heyday of rationing.) But the title also refers to the "private function" noisily and repeatedly performed by the said pig after it has been kidnapped—and never mind why at this point—by chiropodist Michael Palin and his wife Maggie Smith. Seigneurially wandering their suburban domain, it turns the floors into cloacal nightmare and the movie's soundtrack into *a symphony for rude noises* unequalled since *Blazing Saddles*.

If it sounds distasteful, it isn't. Bennett and director Malcolm Mowbray have made an uproariously funny film. It's both a *tilt* at the beserk gentility of postwar Britain, as the discipline of rationing kept everyone stiff-upper-lipping away like mad long after they wanted to stop, and a poke under the surface to where beastly appetites and honest hunger reign undeterred.

As in his TV plays, Bennett creates a provincial England whose people, twanging away in Northern or Midland accents, talk saintly rings around their unsaintly motives and sublunary emotions. The vindictive Food Inspector Wormold (Bill Paterson) paints a haunch of seized Black Market meat green — punishment for condemned goods and murmurs wistfully, "My mother always wanted me to be an artist." Palin's cherubic innocent of a foot doctor rhapsodises about Mrs Soandso's ingrowing toe-nail at dinner ("I think it's just turned the corner") while Maggie Smith turns verdigris over the boiled potatoes. And Miss Smith herself, *whose social climbing ambitions* forced her hubby to purloin the pig and amaze the townspeople, adds a coda to the movies climactic showdown — when the forces of enemy greed and snob*bery have been routed*—with a midnight cry deliriously quavered to Palin, "Right, Gilbert, I think sexual intercourse is in order."

Visually, the film is overparted on the big screen: a glorified TV play at bay against the cruelly demanding acreage (and muggily lit to boot). But "glorified" is the word for Bennett's script and the performances it inspires: *Denholm Elliott's crusty old* bounder of a GP (his voice a gravelled purr, his smile like the last brave rictus of a used car salesman), Palin's pop-eyed innocence, Smith's seraphic gurgling, and, of course the physical and dramatic challenges so incomparably met by the pig (Betty).

*

In future I shall take a rolled-up newspaper to *Press* shows, so that when distributors screen an unscheduled 15-minute short before the feature I can go out into the foyer and bonk them over the head. I had to miss the last quarter-hour of Paul McCartney's *Give My Regards To Broad Street* because an unannounced cartoon curtain-raiser—*Rupert and the Frog Song*—made the Press show run over into an immutable appointment I had.

Thankfully, my grief is purely professional. As a lay film fan, I would never have sat to the end of this 108-minute musical calamity anyway, in which an ex-Beatle gnaws away at the rafters of one's patience in a slow-motion crawl from one unimaginatively staged number to another. "It's an old-fashioned musical," McCartney has insisted, "a good night out, nothing heavy." Has he *seen* any old-fashioned musicals? They used to have well-made plots, dashing stars and fair-to-dazzling scenery. This has a plot you could scarcely find with a magnifying glass—something about evil entrepreneurs and stolen recording tapes—and sets and stars with all the charisma quotient of a bad night on Bournemouth pier.

"Yesterday," "Good day Sunshine," "Band on the Run" and "So Bad" are among the new and old ditties dispensed, but while the soundtrack tunefully erupts the comatose visuals sidom budge from recording studio or rehearsal room. And when they do, the results are even worse: as in a 19th century fantasy sequence to the accompaniment of "Eleanor Rigby" variations.

*

McCartney and his director Peter Webb should take lessons in pictorial flair from Ettore Scola's *Le Bal*. This tribute to the glitzy glory of dance-halls contains one set, no dialogue and virtually non-stop music. But it's lit, composed and directed like a kaleidoscope-in-motion, as we pound gracefully through the decades watching the denizens and dance-steps change in a single cavernous Paris dancehall between 1930 and 1968.

This time-lapse chronicle of music, manners and human mating *rituals—from the brusque* staccato of the Polka to the gyre and gimble of the twist—has a cast of weirdos worthy of Fellini (each playing several different parts): not least Jean-Francois Ferrier as a seven-foot human stork who mutates from fussy-fingered dandy to steely SS officer. The film is unprofound but fleet, funny and colourful, and it won Scola a deserved Best Director prize at this year's Berlin Film Festival.

*

Purists will probably run *screaming* from Giorgio Moroder's colour-tinted and rock-scored version of Fritz Lang's 1926 silent *Metropolis*. Yet what could be more appropriate for a film about a mad scientist than that classic mad *aesthetic should be let loose on it?* Moroder, the Dolomite-born genie who scored *Midnight Express* and *Scarface*, has bubbled up amazing sounds and colours in his Hollywood retorts — golds, azures and magentas wash across Lang's futurist cityscapes, thumping chorales accompany the marching workers underground, the Boss's cloud-high penthouse jangles to the lyric "Cage of freedom!" And since *Metropolis* is a masterpiece legedarily riddled with flaws (and with no ceiling to its sky-high political simple-mindedness), why not fill in the holes and breaches with some bright colours?

At a cheerfully abbreviated 87 minutes, Lang's tale of industrial revolt in a Babel-like *future world — the workers* simmering amid the Moloch machines below, the Boss stalking his airy eyrie above, the Son running about between the parties trying to do an ACAS, and *Brigitte Helm's silver-*plated robot spawned for evil in the hissing laboratories of Rotwang (Rudolph Klein-Rogge with vertical-take-off hair) — passes like 87 seconds. And there is even the bonus of some freshly discovered footage, scouted for, seized and inserted in his brainchild by the versatile Signor Moroder.

*

Writer-director John Sayles *(of Alligator, Lianna* and *Baby It's You)* combined a Sci-Fi spoof with a satire on racism with a low-life New York comedy in *The Brother From Another Planet* and leaves just about everyone unsatisfied. Hip-hopping into Manhattan from another galaxy, our black extraterrestrial hero (*Joe Morton) astounds earthlings* with his magical repair powers (TVs and game-machines ping into life at a touch), his detachable eyes, his ability to regrow an amputated foot and *his complete ignorance of sex*, slang and the subway system. Will he thrive? Can he survive? Will the movie ever go into overdrive?

Alas no. It putters amiably along over potholes of plot and bumps in the comedy momentum until were more concerned over the survival chances of the movie itself than of its hero. Two and three quarter cheers, though, for Joe Morton, whose unblinking eyes, beatific innocence and zombie-Keaton presence make the "brother" a comic hero who might yet find *a good home in a better script.*

Michael Palin, Betty and Maggie Smith in 'A Private Function'

New York City Ballet/Clement Crisp

Radiant dance from a lustrous troupe

The winter ballet season has just begun at Lincoln Centre with the New York City Ballet offering a couple of repertory weeks before the seasonal and protracted flurry of *The Nutcracker*, which is as much a part of New York's Christmas as the milling hordes of shoppers on Fifth Avenue. I saw two performances last week, and marvelled yet again at the radiant certainty of NYCB's dancing.

The troupe has never looked so lustrous. In works as different as *Stravinsky Violin Concerto*, *Swan Lake*, *Baiser de la Fée*, and two recent acquisitions—the firecracker *Brahms/Handel* from Jerome Robbins and Twyla Tharp, and Peter Martins's gentle *Schubertiad*—interpretations rejoiced the spirit through their beauty, and gladdened the eye with their clarity. There is an inevitability and a rightness about what the dancers do, movement imbued with purpose, which tells of a fully comprehended choreographic identity.

The style may seem overdriven in the Robbins-Tharp piece, but everywhere it is allied to a musical responsiveness that finds dancers and dance secure within the metre and shape of a phrase, gloriously true. It is dancing unshadowed by indecision or pretence, and oh, how unlike the under-powered genteelisms of our local troupes.

The two novelties afforded an almost shocking contrast, not incompatible with the wide range of NYCB's repertory, but suggesting some disjunction between what the company's two ballet-masters may achieve with their artists. *Brahms/Handel*, jointly made by Miss Tharp and Mr Robbins, sets Rubbra's orchestration of Brahms'/Handel variations and fugue for two groups of dancers dressed (and beautifully so) by Oscar de la Renta as Byzantine Blues and Greens. Merrill Ashley and Ib Anderson lead the Blues; Maria Calegari and Bart Cook the Greens. Just how the two choreographers apportioned the variations (or even parts of variations) can never be clear, though I would venture that the opening sequence for the stunningly fast Miss Ashley and Mr Anderson is by Robbins, and Maria Calegari's entrance, held high by attendant men, is Twyla Tharp's homage to Balanchine and continuation of the ballerina's final exit in *Serenade*. (After the passage of 50 years, does Miss Calegari become the symbol of a new choreographic age, just as Balanchine's work heralded the classic dance's arrival in America?). The subsequent interweaving of invention, the accumulations of speed and difficulty, suggest a blend of Tharpian drive—dance on the edge of chaos—contained by Robbins's controlled maturity. *Movement flies off in all directions*. Energy explodes, driving soloists in headlong rushes, piling technical Pelions on Ossas of distortion. It is certainly exhilarating. It also looked hyperactive, and frenetic, racing to keep up with its own momentum, and in that it has the vulgarity of excess.

Some of its energies (psychic quite as much as physical) could with advantage be absorbed by Peter Martins' *Schubertiad*. There are inevitable comparisons—a domestic air; waltzes; formal structure—to be made with *Liebesliede Waltzer*. Mr Martins has been given a blancmange-pink ball-room with a central pavilion in which two pianists are located. The dancers wear unappealing versions of period social dress and link and melt through a chain of waltzes before the ball-room set is flown, to reveal a garden much in need of pruning (like the ballet) with the pianists left in their Palladian refuge, and two impromptus and the great F minor *Fantasy* for piano duet (soupily interpreted) as the basis on which the dancers, now more freely dressed, move.

If good intentions and decorous choreographic manners, like love, were all, then this would be a more enchanting piece than it is. The dance language has a sometimes constrained and repetitious air; the miraculous Fantasy does not inspire Mr Martins to that best of which we know him capable. *What sustains our interest is* the beautiful and generous dancing of the principals: Maria Calegari, Kyra Nichols, Heather Watts, Stephanie Saland, Ib Anderson, Bart Cook, Sean Lavery, Joseph Duell, and blessed is the company which can show artists so richly gifted and so richly varied in their gifts

I must also record with admiration that Lourdes Lopez and Joseph Duell have assumed leading roles (and the second *aria*) in *Stravinsky Violin Concerto* in ideal fashion, and that two performances of the *Baiser de la Fée Divertimento* were made more than usually memorable by Patricia MacBride's dazzling account of the girl's role and by fascinatingly contrasted interpretations of the young man from Helgi Tomasson and Ib Anderson. Mr Tomasson danced with such precision, such questioning intensity of gesture, that he seemed the absolute incarnation of the young man doomed to isolation by the Fairy's kiss. Mr Anderson, prodigious in skill and lightness, seems less poet and more victim: preference between them is mere wilfulness, for both artists are among the first dancers of our age.

And as a final proof that time wounds all heels, let me note that Balanchine's highly personal encapsulation of *Swan Lake*, so vilified by certain observers when it was brought to London in 1952, now seems more potent than the routine performances currently on offer at Covent Garden, because of its imaginative life, the musical felicity of its every movement, and the grandeur of the company's dance style. Truth will out!

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Friday November 30 1984

A regime for the seabed

BRITAIN, along with a small number of other countries, must decide by December 9 whether to sign the United Nations convention on the Law of the Sea.

So far, 140 of the UN's 159 members have signed the convention, in spite of strong opposition from the Reagan Administration which believes the treaty is deeply misconceived, especially in its attempts to create a UN-administered regime for seabed mining.

This week the issue divided the West German Cabinet, *which eventually decided not to sign, but also not to oppose signature by the European Community.* The other eight members of the community have either signed or declared their intention to do so.

The main argument against British signature is that in the two years since the convention has been open for signing all efforts within the so-called Preparatory Commission to modify the provisions on seabed mining have failed. The commission is charged with the task of drawing up practical proposals for the governance and administration of the International Seabed Authority, which is intended to license deep sea mining sites and, via a body to be called The Enterprise, to mine alongside the established companies and channel profits to some agency for the general benefit of mankind.

Disappointment

Britain, having abstained two years ago in order to take advantage of the grace period on signature, has possessed only observer status in this Commission.

Along with other delegations from the developed world, Britain has argued against the compulsory transfer of mining technology from private sector companies to The Enterprise and in favour of strict controls to prevent unchecked growth of the Seabed Authority.

It is discouraging that so little has been achieved. Britain must now decide whether the arguments in favour of signature outweigh this disappointment.

The most obvious benefit from signature is that Britain will be supporting codification of international maritime law on such matters as the rights of navigation through straits. In the long run, more precision in this area can only be to the advantage of major trading nations, especially those with large navies.

A more nebulous and debateable gain would flow from backing an initiative to which the developing countries are more or less unanimously committed. The UN, if it is to survive as an effective instrument of government, desperately needs a victory which the enactment of a successful sea convention would bring.

Britain could, like France and Japan, sign while making it clear that it will not ratify the convention (for which 60 votes are needed) if the Preparatory Commission fails to re-cast the seabed authority into more realistic shape. As a signatory, Britain would have full status in the Preparatory Commission. Developed countries can also use the purse-strings argument, since it is they who will be primarily funding the convention.

Frustration

Given the outlook for mineral prices, it is highly unlikely that seabed mining on any scale will start this century, which gives the commission plenty of time. Although the experience of the Preparatory Commission in the last two years has been frustrating, *many developing countries are learning that in a period of low oil and metal prices they cannot expect to extract onerous terms from the mining and oil companies.*

There must be some hope that as countries as diverse as India, China and Mozambique show signs of understanding this lesson, they will come to see the International Seabed Authority for what it is—a device for collecting taxes and transferring industrial expertise which in practice will achieve neither of those things, precisely because its complex constitution will prevent it from responding to economic circumstances.

In the end, there must be some stable international legal regime for exploiting the seabed beyond coastal waters, if those waters are to be exploited. Difficult though it may be in practice, the Law of the Sea Convention is better built upon than demolished or ignored.

When investors lose their rights

MANY cherished practices of the City of London's financial markets are under heavy pressure from the internationalisation of their practitioners and clientele. Trading methods in the securities market, in particular, are being turned upside down. Much of this is desirable, and perhaps inevitable. But it would be a pity if one of London's longstanding principles — the respect of the pre-emptive rights of equity holders — were to fall victim to change at least without careful assessment of the consequences.

The pre-emptive right of the shareholder may seem to be a rather obscure issue to fight on, but the principle that all shareholders should have an equal opportunity to subscribe for any issue of new shares by their company has always been fundamental to the whole idea of *equity ownership*, at least in the UK.

If respected, such a principle safeguards the shareholder in two ways. It ensures that his percentage holding is not reduced (and another shareholder's is not increased) in circumstances which do not offer time and opportunity for careful consideration. It also ensures that the value of a shareholders' interest is not eroded through *the offer of discounts on shares sold to new investors.*

Vendor placings

The subject has become topical because of the series of so-called vendor placings, involving the shares of Dee Corporation, Ward White and Saatchi and Saatchi. Supposedly these have occurred because *the British Telecom issue has* blanked out many weeks of the Government broker's diary, and have thus prevented companies from using alternative methods of raising new capital—notably *rights issues, which maintain* the pre-emptive principle. But there is also more than a suspicion that the City of London's rapidly reshaping securities houses, drawing on American *experience, are eagerly responding* to the opportunity to practice their electronically aided selling techniques on their big institutional clients.

The London Stock Exchange *is still comparatively restrictive* in its approach to issues for cash, other than by way of rights. But the so-called vendor placing, in which typically an acquisition is paid for in shares which are then sold in the market by the vendor, provides a way round this obstacle.

The immediate complaints have come on behalf of small investors, shut out of these sales at a discount which have been quickly snapped up by big institutional investors. But all existing shareholders in a company suffer dilution to the extent that they do not take up their share of the new equity being sold.

The principles are not always well understood by company finance directors. Companies sometimes boast that by selling shares in say, the U.S., at a discount of 6 per cent to the market price, they have raised capital more "cheaply" than by a traditional UK rights issue at a 15 per cent discount. *The reasoning is faulty.* Any discount offered pro rata to existing shareholders is costless, because it is their own money. But any discount offered to outsiders amounts to a dispersal of shareholders' wealth.

Instant deals

These principles need to be firmly stated and understood because international securities houses are going to be playing an increasing role in the London stock market. Backed by large amounts of capital, they are going to be offering instant deals to corporate treasurers. There is a danger that their activities could further encourage the institutionalisation of the equity market and alienate small shareholders, at a time when the Government is trying to turn the tide in the opposite *direction—for example, through* the British Telecom issue.

There is no need to defend pre-emptive rights to the death. In modern large companies, after all, the percentage stake *of an individual shareholder is* rarely of great numerical importance. And it may be that dilution is acceptable if it is small enough, and offset by advantages such as speed of execution.

But such share issues need to be carefully controlled. It would be potentially dangerous to the reputation of the market if large vendor placings were *to swell from a trickle to a flood* without the establishment of carefully considered ground rules.

THE AUSTRALIAN ELECTION

Hawke plays it his way

By Michael Thompson-Noel in Sydney

TEARS ARE all the fashion in Australia. This week, Australia's cricket captain, Kim Hughes, who piloted his team to only four victories in 28 Tests, trembled, cried, and quit after yet another humbling at the hands of the West Indies.

Such is the irreverence with which Australia treats its heroes that thoughts at once sprang to another prominent Australian who occasionally weeps—the country's Prime Minister, Mr Bob Hawke, who tomorrow leads his Australian Labor Party (ALP) Government to almost certain re-election in Australia's eighth general election since 1969.

In his youth, Mr Hawke was quite a good cricketer. Indeed, he still plays, though at the start of the campaign he was nursing a black eye—the result of a mishap while batting.

Like Hughes, Mr Hawke can be emotional. Before the campaign began, Mr Hawke broke down and wept at a Canberra Press conference, the result of an Opposition smear claim (completely unsubstantiated) *that Mr Hawke was somehow* protecting drug traffickers, and that Labor was stifling attempts to identify leaders of organised crime.

Later, when officially launching his campaign at Sydney's Opera House, Mr Hawke allowed his voice to quaver, and a tear to glisten, when bringing an hour long speech to a Verdi-like close with a reference to "this great country of ours" and "the great years now within our grasp."

However, unlike Kim Hughes, Mr Hawke is a winner, as evidenced by his brief reign to date, by his immaculate *campaign, and by the relish with* which he is padding-up for his second innings.

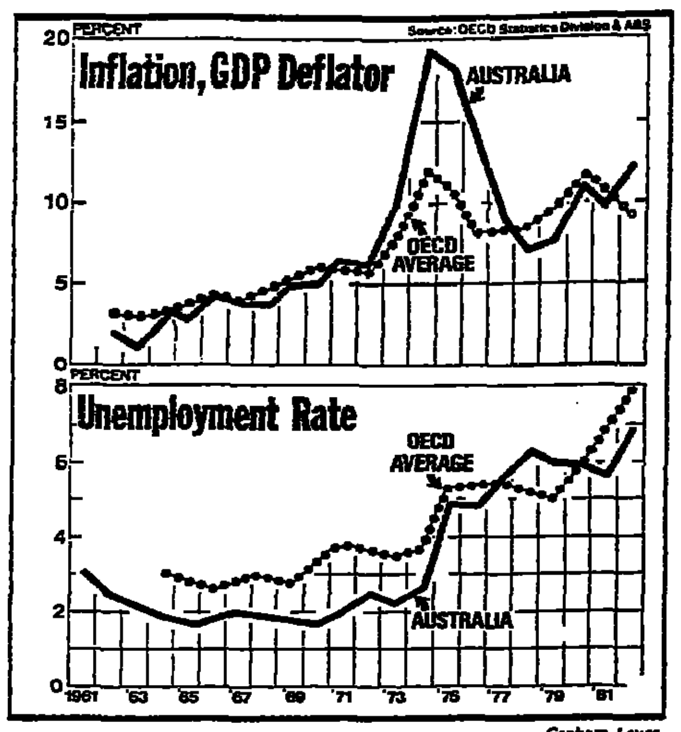
This time, he claims, he will serve a full three-year term, rather than scurry to the polls after 21 months to capitalise on economic good fortune, but no one is counting on it.

To date, Mr Hawke has enjoyed such a charmed run that his campaign claims have verged on the grandiloquent. Under Labor, it seems, Australia is no longer a developing country but a miracle economy, a land of milk and honey, let alone wool, coal, and beer, in which fairness and abundance prevail—a nation in which there will shortly be "no second class Australians."

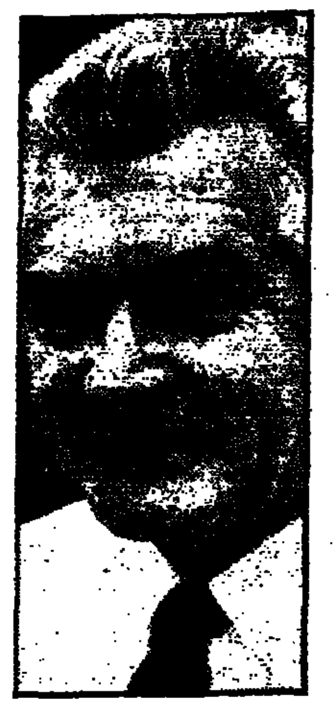
The key to Mr Hawke's election win tomorrow will be this paragraph from his Opera House script:

"The overall picture for Australia—in stark contrast to the grim realities of 21 months ago—is this: never in the last decade and more has there been anything like the combination of favourable economic prospects that now exist—consumer confidence at record levels; business confidence and business investment restored and growing by the month; industrial disputes dramatically down; interest rates declining; employment up; inflation down. This is the base—the strongest for decades—on which we can build together, an even better and fairer Australia."

Andrew Peacock



Graham Lever



Bob Hawke

In contrast, says Mr Hawke, the Liberal-National Party Opposition, under Mr Andrew Peacock, would dismantle Labor's prices and incomes accord with the Australian Council of Trade Unions, of *which Mr Hawke was formerly* President. The accord is the foundation of Mr Hawke's tripartite approach, and one of the main reasons—perhaps the most important—for the current bout of recovery and industrial peace Down Under.

The accord was Mr Hawke's big weapon in the March 1983 election, and provides, he says, "the framework for business to make major new investments with a new confidence. We pledge ourselves to maintain the accord, and all the benefits that flow from it."

The Prime Minister, by contrast, says his opponents are committed to destroying everything that makes the accord work. "They propose to end central wage fixing based on indexation, and to close down the institutions which give form and substance to the accord . . . Beyond that, they stand against the spirit of co-operation and the process of consultation between government, business and the unions which *has enabled Australia, at last,* to break out of the cycle of inflation and recession."

However, Mr John Stone, the former head of the Treasury in Canberra, who resigned his *post in September, has bitterly* attacked the return to centralised wage-fixing and maintenance of real wages. In his view, Australia's wage determination system "constitutes a crime against society," partly—he says—because it inflicts very high teenage unemployment. He also has warned Australia that it cannot borrow its way out of unemployment.

Australians are not at all accustomed to seeing Labor in power. Before the Hawke accession, the Liberal-National coalition had ruled for all but three of the previous 34 years.

What Mr Hawke has done is show that Labor can govern, and that "conciliation" and "consensus" can triumph in the short term. Moreover, he has appropriated the entire political middle ground leaving his opponents cramped for room. From his fast-moving carriage he has flung most of Labor's ideological baggage into the road-side ditch, and won plaudits all round for his conservative approach to the economy; for floating the local dollar; for moving with unexpected speed to liberalise finance and banking, and for making all the right noises on foreign investment.

Yet Labor's luck has been considerable. When Mr Hawke won power in March 1983, the heavens promptly opened, ending the country's costliest-ever drought. Similarly, Labor's 20-month reign has coincided with a strong enough recovery abroad to help pick Australia off the floor.

Over the precise period of Labor rule, results have been impressive. Inflation in 1984-85 will be about 4.5 to 5 per cent, against 11.5 per cent when Labor came in. The latest M3 monetary target (8-10 per cent for 1984-85) is likely to be realised. Non-farm growth this year will be around 5 per cent, with the same forecast for 1985-86. Unemployment is *slightly lower—Labor says it* will have created 400,000 new jobs by June next year.

Profits have recovered sharply, except in mining. And the share market is near its all-time high, though it shivered this week when the price of gold went down.

Can Mr Hawke now realise what has eluded Australian Governments for more than a decade—sustainable non-inflationary growth?

Or will his policies end in tears, with Labor riven, the accord ripped up, greed and bitterness resurfacing, and *Australians* branded as the "white trash of Asia"?

> Mr Hawke has appropriated the middle ground, leaving his opponents cramped for room

It is hard to say, though Mr Hawke's Treasurer (finance minister) and right hand man, Mr Paul Keating, impressed an audience of bankers in Sydney this week by fleshing out the trio of government fiscal promises that Labor has made.

"We have pledged," said Mr Keating, "that over the Government's next term, commonwealth (federal) tax revenue will not rise as a share of GDP; the commonwealth budget deficit will not rise as a share of GDP; and government outlays will not exceed the growth rate of the economy."

In part, Labor is anxious to alleviate Australia's debt servicing burden. Public debt interest this year is estimated to total A$5.6bn (£3.8bn), or 8.8 per cent of total federal spending. *Since the late 1960s,* there has been a *fourfold* increase in the size of Australia's total public sector borrowing requirement relative to GDP.

Equally, Labor says it will wind back the budget deficit with expenditure restraint, not higher taxes.

Mr Hawke has already told voters that Labor is not offering a "grab bag" of unachievable election promises, nor, "a fistful of dollars." He has set the maintenance of "strong economic and employment growth with low inflation" as a national priority; demanded much greater export-orientation of Australian industry; and told his countrymen that their destiny as a secure, dynamic and prosperous society lies in the Asia-Pacific region.

And they believe him. With the Opposition nearly bankrupt of alternative ideals, Mr Hawke has an 11 point lead in the polls, and a personal approval *rating of 67 per cent.* Tomorrow, he may well win an improved majority in the enlarged House of Representatives.

Mr Peacock has claimed that *Mr Hawke is rushing to the* polls because his luck is running out. Mr Peacock describes Labor as the "biggest-spending, highest-taxing government in Australia's peacetime history"—yet he has frittered the campaign away on smalltown issues like capital gains tax and death duties.

Only in the past week has Mr Peacock started to win back lost ground—partly with a convincing performance against Mr Hawke in a live TV debate from Canberra, which may have been good enough to prevent the Liberals replacing him as leader after the election.

As for Mr Ian Sinclair, the leader of the National Party, his most prominent campaign contribution was the suggestion that AIDS (*Acquired Immune Deficiency Syndrome*) had flourished in Australia because of Labor's low moral tone. In Queensland on Tuesday, Mr Hawke said Mr Sinclair was prepared to say anything, and left it at that.

The only campaign development to disturb Labor's equanimity is the emergence of the single-issue of the Nuclear Disarmament Party (NDP) which wants the closure of all foreign bases in Australia, a nuclear free Pacific, and the immediate ending of uranium mining and export. Mr Peter Garrett, a shaven headed rock star, may win a Senate seat for the NDP, but its wider political impact is problematic.

Despite a quiet campaign, there are some very real question marks over the future of the Hawke government, most of which concern its accord with the unions.

Some employers are uneasy about the return to centralised wage-fixing and indexation, while on the Left of the ALP, and among militant groups, like the metalworkers, there is dissatisfaction with what is seen as lack of progress on industry assistance and restructuring.

Dr Andrew Theophanous, a key Left-winger and leader of Labor's parliamentary industry committee, says Labor learned from UK experience that Labor governments fail if they make contracts they won't keep. According to the ACTU, the accord offers a "progressive and socialist view of how unions can operate in society. The UK is a lesson for us all—we don't want that sort of society."

The key, perhaps, will be Mr Hawke's commitment to job-saving intervention in industry. To date, his true political credentials are untested. As Prime *Minister* he has enjoyed a sublimely easy run. From next year, his skills as conciliator, juggler and Canberra impresario will be more in demand, so that time will show whether this *prophet of pragmatism* has statesmanlike clout.

His task may be arduous. Parts of Australian industry are still in the Bronze Age. Private sector R & D spending is minimal, and high-tech exports almost invisible. Spending on education and retraining is low, and Australian firm's exposure to world competition largely theoretical. And steps to "enmesh" Australia's affairs with those of the West Pacific are still halting and slight.

Yet Australia is not called the Lucky Country for nothing. Even if the original irony of the appellation has been lost from view.

Mr Hawke's appeal to the electorate is not as a sectarian Labor politician or ex trade union leader, but as a non-partisan patriot and agent of national reconciliation.

He has remodelled the Labor Party, yet has distanced himself from it. With only a little luck, is ambition may well be realised—which is to rule in 1990.

Men and Matters

Saatchi splashes out

What it is to have a deep pocket. So keen is Saatchi and Saatchi, the UK's top advertising agency, to buy back the creative talents of Jeff Stark that it is willing, it seems, to buy out the agency that goes with him.

Stark is regarded as one of th top British copywriters and, until two years ago, was deputy creative director at Saatchi's Charlotte Street headquarters. He left—despite being offered a virtually blank cheque to stay—for the challenge of a partnership in Hedger Mitchell Stark.

Adland is now buzzing with *news of Saatchi's imminent* acquisition of HMS—a move that could signal the demise of one of London's brightest as well as youngest agencies.

Chelsea-based HMS, which claims more awards than any other in town, includes among its clients, British Rail, IBM, ICI, Distillers, Nabisco, and Reed International, but is perhaps best known for its cheeky Foster's commercials.

Charles Saatchi broke the habit of a lifetime by going on the record to explain the strategy that appears to put a very high price on individual talent.

For if the deal goes through, it is unlikely that British Rail and British Airways or Barker and Dobson and Rowntree Mackintosh will want to share *the same stable for long.*

"We've seen the changing of the guard, the student sit-down, what time's the next NUM-TUC *meeting?"*

Noteworthy

Britain's colonial grip on Hong Kong will relax another notch in January when new bank notes appear on the streets. The territory's note-issuing banks—The Hongkong and Shanghai Banking Corporation and Standard Chartered—will continue to promise to pay the bearer the relevant amount—but references to "The Colony" will disappear.

For good measure, notes of all denominations will be smaller, and will be printed for the first time on presses installed in Hong Kong by De La Rue. Until now, the colony's notes have been printed in the UK.

Oddly, the reference to Hong Kong as a colony is a comparatively recent addition to bank notes in a territory that has been under colonial control since 1842. Until the 1920s, notes referred to Hong Kong as "The Island."

In anticipating the colony's change of status, the banks are also taking the opportunity to strike out one of the odder phrases on notes currently in circulation. On the HK$100 note, for example, they promise to pay the bearer HK$100 "or the equivalent in the currency of the colony, value received."

Centenary lines

The trains of the grandly named Wabash, St Louis and Pacific Railroad, the Montreal and Sorel, and the Bald Eagle Valley Railroad, have long rusted away in forgotten sidings.

But the organisation set up to look after the interests of early British investors in such ventures still goes on. The Protective Association of British Holders of American *Stocks and Bonds* — now renamed The English Association Group — tomorrow celebrates its centenary.

It still transmits £5.5m worth of U.S. and Canadian dividends to the UK each year, though the business forms only a small part of more broadly-based merchant banking activity.

In the pioneering days of U.S. railroads, British shareholders faced real difficulties in obtaining accurate information on their investments. Proper accounts were rarely published and millions of dollars worth of forged certificates circulated.

When British investors missed a chance to take up options on $10m worth of bonds of the West Shore Railway in 1882, Joseph Price, a forceful man with a long career in UK and U.S. railroads, decided to *do something about it.*

The protective association he set up was registered on December 1 1884 to act as a proxy for shareholders, uphold their interests, and insist upon "*proper and regular returns of* traffics, full statements, clean balance sheets and ordinary honesty."

After World War 1, corporate standards improved in the U.S. *and the association's vigilante* role was no longer needed.

It gradually moved into other fields and in the past eight years, particularly, has extended its scope to provide the *whole range of corporate* finance, investment management, money market and foreign exchange services.

Now a licensed deposit taker, The English Association had hoped for full banking status by its centenary year. That ambition has not been realised. "But we believe we are not far away," says one of its directors, Stephen Keynes.

Nouvelle cuisine

Clorex Corporation of Oakland, Californian, has come up with a solution to the burning issue of the 1980s—how to make meat cooked in a microwave oven turn brown.

Unlike conventional cookers, microwave ovens—used in 40 per cent of U.S. kitchens—do not brown most foods and leave meat an unappetising greyish hue.

So Clorex has introduced a product called Kitchen Bouquet Microwave Browning Spray, a "food cosmetic." To turn meat, poultry or fish an appropriate shade, the cook merely sprays the food after cooking. A little spray produces a yellowish tint, more and the food turns dark brown.

This is not Clorox's first attempt to solve some of the little problems of modern life. Earlier this year the company produced "Fresh Step"—a catbox filler that releases mint herbal scent whenever a cat steps on it.

O' mice an' men

Lisbon's enormous population of mice—at least three times that of the 1m people who live there—seems to be making its own protest against Portugal's economic crisis.

That crisis has reduced buying power; people are spending les on food, and presumably leaving fewer scraps about for the rodents.

Which could be why Dr Antonio de Almeida, Secretary for the Treasury, came to Parliament to complain that mice had got into the Treasury archives and were eating their way through the filing system.

The mice had not yet laid teeth on the most important documents, he said, but it was a close call. There are, after all, enough holes in the budget already. It has over-run by Esc 75bn (£375m).

Observer

Politics Today

Now the Lords go into the box

By Malcolm Rutherford

The Earl of Gowrie (left), Lord H ailsham and Lady Ewart-Biggs

THE HOUSE OF LORDS voted on Tuesday in favour of an experiment which will allow their proceedings to be televised from January next year until the summer recess. It was a well attended debate and the speeches were not remotely on party lines.

It was potentially a momentous decision, some of the implications of which may not yet have been fully appreciated. Indeed only Lord Home of the Hirsel, a former Prime Minister, pointed out that the issues are "near constitutional." The only reason why they are not quite constitutional is that we do not have a written constitution. For the debate is about whether the House of Lords should move ahead of what is known in Parliamentary language as "the other place": namely, the House of Commons. The Lords have chosen to do so.

Nobody can know what the outcome of the experiment will be. It could be a damp squib. Yet consider the likely Parliamentary business next year and it does not look like that. The Bishops will be up in arms about this, that and the other. The Government will probably be defeated in the Lords on all sorts of issues, even if some of them sound pretty trivial—like rural buses. There will be a temptation for every elder statesman worth his salt—the Earl of Stockton, for example—to get up and make speeches. There will be an even greater temptation for producers to put it all on television. And because television is so powerful, people will be tempted to believe that the Lords are expressing the views of the country: the Lords rather than the elected House of Commons. In short, it is very hard to avoid the conclusion that their Lordships have opened Pandora's box.

That was what much of Tuesday's debate was about. Lord Chalfont who, rather like the Vicar of Bray, has sat on practically every front-bench there has been, but is now a cross-bencher, moved an amendment to say that the Lords should not move faster than the other place. In this case, he was right. But he was defeated by 113 votes to 66.

It is true that he left his efforts a bit late. It was claimed that he had not even participated in the debate last December when Lord Soames set the process of televising the upper house in train. And that was the clinching point: the majority of their Lordships felt that they had gone so far down the road towards television that it was too late to turn back.

Viscount Whitelaw, who is still the deputy Prime Minister, said: "One is bound to say . . . that if we wait for the other House and they wait for us, I think that everybody will wait for ever."

He also went into the sleeping question which, along with the heat and the lights, clearly engages their Lordships a great deal. "Sleeping does create a problem," he said. "One does have an option; namely, to sleep and be televised sleeping, or not to sleep. On the whole, if I happened to fall asleep and was televised sleeping, I would not greatly mind, provided it did not happen too often."

But he said a lot more besides. He announced that he had informed his Cabinet colleagues of the proposed arrangements, and that they had not demurred. He went on: "I do not say that they particularly agreed—they were not asked to—but they did not demur."

In fact, there appears to be some opposition in Cabinet to the whole idea. This is on three grounds:

- If the experiment gives way to a permanent exercise, it will cost public money.
- There is no popular demand for it.
- Natural apprehension that televising the Lords will focus on the Government being defeated, or at least attacked. (The Lords, remember, unlike the Commons, has those cross-benches whose members do not take a party line.)

Yet Viscount Whitelaw was more forthright. The thrust of his remarks was that *both* Houses of Parliament should be televised. "I believe," he said, "that the public have a right to hear and see what happens in their Parliament." And he added: "Once subjected to television, on the whole most sports and most other pastimes have gained in popularity and gained in interest from doing it:" like snooker.

Televising the Lords first, in other words, was a small price to pay, if the reward was that it would lead to the eventual televising of the Commons. The trouble is that that progression is by no means inevitable. That is an argument we shall come back to.

Meanwhile, it is worth dwelling for a moment on why the present House of Lords has become so trendily fashionable. One reason is the Government's huge majority in the House of Commons, so that the Lords is a place where there can be more equal debate. Another is the continuing creation of Life Peers, some of whom add at least a veneer of objectivity to political debate.

But it would be rash to conclude from that that the Lords is a House based entirely on wisdom and virtue. It has more than its share of vanity, pomposity and even stupidity.

Tuesday's debate was a case in point: for example, Lord Dacre of Glanton, the former Hugh Trevor-Roper, now the Master of Peterhouse, and the man who was slightly careless about the progeny of the Hitler diaries. Without any apparent trace of irony, he said: "We cannot compete in screen-worthiness" with the other place. "Our grave, senatorial deliberations cannot compare with the effervescent vitality, the robust juvenile activity of the other place."

At which stage, one was grateful for the Baroness Gaitskell piping up: "My Lords, why not?"

There may be an intellectual case for being reactionary, but there is no case at all for doing it in cliches—like warning about the "thin end of the wedge."

There were others who should not be let off too lightly: for instance, Lord Aylestone, the former Bert Bowden and once head of the Independent Broadcasting Authority. Lord Aylestone actually said that their Lordships would create all sorts of problems for the sound engineers by being incapable of speaking into a microphone.

All that, and the heat and the light. In practice, the House of Lords looks rather better now that it is properly lighted for the television experiment.

One could go on. Lord Thomas of Swynnerton, the former Hugh Thomas and historian, thought that there might be some harm to the chandeliers. And someone like him ought to be above criticising television companies for failing to distinguish between entertainment and information. No such clear-cut distinction exists. The only distinction is between good television and bad television: like art and music.

So it was not entirely a good debate. Their Lordships pride themselves too often on their wisdom and experience when much of the time they are preaching banalities. The House of Lords, in short, is getting a little uppity.

Still, the die has been cast: the Lords will be televised, at least for six months, and its proceedings probably will be taken seriously.

There are three reasons why I agree with Viscount Whitelaw that the House of Commons should follow suit as soon as possible.

- The first is that to allow television of the House of Lords alone would give an entirely distorted view of politics in this country. The House of Lords is not elected. The only reason it survives in its present, essentially arbitrary form, is that people cannot agree on how to change it. The House of Commons, by contrast, is full of that vitality and robust juvenility which Lord Dacre so decried. It reflects the affairs of the nation discussed by Members in touch with their constituents. It would make excellent television.
- The second reason is my experience of West Germany, the country that I know best after Britain. Parliament there has been televised for years. Everybody takes it for granted without being fussed about the heat and the light, the angle of the camera, or even the producers' selectivity in choosing what to broadcast. It is part of the democratic process and deeply informative for anyone who wants to watch.
- The third reason is more debatable, and is indeed being debated by many MPs. It is that if Parliament were on screen, there would be less danger of scenes like those in the House of Commons on Wednesday night last week when Members came close to violence. As someone who observed it pointed out, if a Minister had been hit while taking a sip of water from a glass, there would have been blood on the floor. Television could stop that or, if it didn't, the public could make its feelings known.

Ultimately, one agrees with Lord Home. It would be best if there could be a permanent channel devoted to Parliamentary reporting, like the cable network in the U.S. Presumably the new technology should make that possible, but the material would have to be available to the other channels as well.

We could then see items like Chancellor Lawson's appearance before the Treasury Select Committee on Wednesday. The Committee asked for it by its feeble questions and poor turnout, but the Chancellor was at times so sharp with its members that they did not realise how sharp he was being. That's politics, too, but hardly anyone ever sees it.

Lombard

Flexibility in accounting

By Michael Prowse

A TIDE is running strongly against current-cost accounting in the UK. The Accounting Standards Committee's exposure draft on "inflation accounting," ED 35, received two heavy blows this week. On Tuesday, the London Society of Chartered Accountants (LSCA) argued that ED 35 does not give company directors sufficient freedom to adjust their accounts for inflation as they see fit.

Yesterday, the Association of Certified Accountants, whose council is one of the six bodies which approves accounting standards, formally decided not to back ED 35's conversion into a mandatory standard like SSAP 16.

Anybody unfamiliar with the inflation accounting saga might wonder what all the fuss is about. ED 35 is a substantially watered down version of SSAP 16 requiring public companies to provide only sketchy footnote information about the effects of changing prices. Such a minimal requirement might be considered lax. Imagine the consternation if the Central Statistical Office refused not only to adjust its figures for inflation but also baulked at providing consistent footnote information enabling readers to calculate real changes in industrial production or retail sales. ED 35 is attracting flak for a range of reasons — because it has the temerity to argue that accounts which completely ignore inflation cannot be true and fair, because it exempts private companies and because its current cost principles are contested.

The core of the objection voiced this week is that ED 35 does not give companies sufficient flexibility. The LSCA, for example, asserts: "We believe it is entirely correct to leave management to decide on the most appropriate methods of accounting for changing prices."

The demand for flexibility challenges the very role of the ASC which was set up in the late 1960s in order to correct the abuses created by lack of supervision of accounting methods. It has taken some steps—not enough—to improve the consistency and comparability of accounts.

It is desirable that companies should produce accurate measures of profit and this does require adjustment for inflation: a rate of only 5 per cent per annum causes prices to double in less than 14 years. And if different companies' performance is to be comparable it is desirable that all big companies follow the same, mandatory rules laid down by the ASC. The notion that companies, if left to their own devices, would devise and implement coherent inflation and accounting methods is risible. But this week's dissenters are right to argue that, without explicit government banking, the ACS will not be able to enforce a standard based on ED 35—even without the certified accountants' rebellion.

The Government should overcome an obvious temptation to remain mute on a topic which it might claim lies outside its parish. It has a direct duty to see that nationalised industries adopt sensible accounting policies. But there is a strong case for the Treasury taking more interest in private sector accounting. The flattering, but inaccurate, historical-cost figures which finance directors still favour do not stand serious scrutiny and can only lead to poor decisions and the inefficient use of resources.

A short investigation would probably convince Treasury economists that although ED 35 is badly flawed — it fails to supplement current cost calculations with adjustments to reflect the changing purchasing power of money — it is a big improvement on simple historical-cost accounting. Moreover schemes do exist, such as the one recently presented by the Institute for Fiscal Studies, which could make better economic sense. But if the ACS is to prevent cries for flexibility leading to the total abandonment of adjustments for changing prices, explicit government support for a suitably modified ED 35 is now required. It might even hasten the day when accurate profit figures appear in the main accounts instead of as footnotes.

Letters to the Editor

Under the grain mountain

From Mr R. Skepper

Sir,—As an arable framer situated in the foothills of the grain mountain, but also one who has lived the greater part of his life in France, I find your leader on the subject of a solution to the European grain surplus unconvincing and too insular.

You suggest a price reduction will eventually get rid of the surplus, and at the same time you quote figures that invalidate that very solution. You quote that in the last five years, in spite of a price reduction in real terms of 24 per cent, output per acre has risen 44 per cent (and actual output more than 60 per cent). There is no reason to believe that a further drop in price will not have exactly the same effect. Already small plot trials of wheat are achieving five tons per acre yields (the national average is currently just under three tons per acre), and the impetus to convert trial work into practice is going to be further stimulated by dropping prices. So that the only effect of a lower price will be to create an even bigger surplus, which even at the lower prices will cost the community more to finance, especially as the additional European volume is likely to depress world prices. And furthermore it will lead to more wasteful use of costly herbicides and fertilisers to nobody's benefit other than the chemical companies in the short term.

In other words the Community will not only be continuing to waste members' resources stockpiling or subsidising the sale of more unwanted grain on to a reluctant world market, but also financing chemical companies' profits, and diverting them into capital expenditure on capacity for products that in a real world are never again likely to be required in those quantities. It is like building a second rate way from London to Dover by running large numbers of empty trains on the existing track to show that it is under capacity.

In the European context, prices will have to drop drastically and farmers will have to go bankrupt before the price solution cuts output. Timid reductions will merely stimulate output as we have seen. The Germans, in particular, will never accept a solution likely to involve severe financial hardship for their large number of small arable farmers. Neither the French nor the Germans have the same faith in laissez faire economics as we appear to do in the UK. They actually believe that by bringing ruin to one section of their producers, the knock on effect is likely to do massive damage to large sectors of the economy to the benefit of nobody. This may or may not be a specious argument economically, but it does not matter, because as far as they are concerned, they have no intention of finding out by practice whether it is or not.

The cutting price approach in the European context is going to be too timid to achieve anything other than a further increase in output—to beat the price rise. It will just create a greater problem at a later date. Therefore the sooner that everyone starts to think along the lines of cereal quotas, or acreage quotas, in spite of administrative difficulties, the better for all.

We already have a well drilled army of officials within every Ministry of Agriculture in Europe, longing, no doubt, for something useful to perform; and it is absurd to suggest that in this computer age anything is too difficult to administer. During the war, cereal production, indeed all farm production, was controlled both effectively and very fairly with the sole mechanical aid of the quill pen. Now, with the microchip, it should be, in words that Marie Antoinette might have selected: a "pièce de gateau."

R. B. Skepper.
Ferry Farm,
Sudbourne,
Woodbridge, Suffolk.

European security

From Professor F. Pirani

Sir,—Ian Davidson maintains (November 26) that "The irreducible requirement for Europe is a sufficient U.S. military presence to guarantee that any Soviet invasion would involve a superpower conflict and thus an incalculable risk of nuclear escalation." But few other people would offer an affirmative answer to Dr Kissinger's question, "Would any American President put Chicago on the line to save Dusseldorf?"

The nuclear umbrella is gone. U.S. deterrence of the Russians no longer extends to Europe. On the contrary, it works the other way round: the presence of the new American missiles makes it much more likely that Europe will be drawn into any conflict between the superpowers.

It is hard to see any affordable way towards restoration of European security except perhaps disengagement in Central Europe which must combine the complete removal of battlefield nuclear weapons; the withdrawal of offensive conventional weapons from, say, 100 kilometres on either side of the East-West German border; and the establishment of a network defence further back in West Germany.

Anything else is too expensive or too dangerous or both.

F. A. E. Pirani (Professor),
22, Siddons Buildings,
Tavistock Street, WC2.

Rights versus placings

From Mr R. Morton

Sir,—May I add a few comments to Mr David Hopkinson's letter about vendor placings (November 24), which has been followed so far as your columns are concerned by an interesting silence.

It is not just the small private shareholders who lose in these circumstances but those larger shareholders who for whatever reason deal with a limited number of stockbrokers—perhaps because they do not have occasion to deal much at all. Many brokers adopt the practice when making such a placing of restricting it to their own clients, but I have been authoritatively informed that the Stock Exchange Council would not uphold an objection that a broker was "poaching" in approaching shareholders of the company who were not its clients in this circumstance since it was acting only as an agent of the issuing company. This could be changed if companies gave brokers lists of shareholders who were to be offered stock, though that would not solve the problem of dilution for smaller shareholders or those larger ones which simply did not have the cash to take up their placing entitlement.

The whole system of vendor placing however needs to be seen in the context of the network of City relationships within which it takes place. Placing brokers have an incentive to keep the price as low as will forestall criticism from the company itself (easily countered by arguments about the importance of speed, confidentiality, etc). If the placing price is attractive, i.e., cheap, it will help to secure further business, both in the shares themselves if they are quickly resold and placed again through the same broker through other orders given simply as a gesture of thanks. With a growing emphasis on short-term fund performance, the boost to a fund which is created by such trading, for which it may not need to put up any cash, can be significant. This is true even of placings in the larger capitalisation companies, but what I consider to be major misjudgments of price, giving much bigger opportunities for gain, have occurred in the smaller companies.

In these cases a vendor placing frequently creates new institutional interest by providing for the first time an opportunity to buy a worthwhile block of shares. For this reason some recent placings could almost certainly have been made at a price equal to or above the price in the market. The resulting benefit to placees was really too great to be acceptable both in terms of loss of opportunity to non-participating shareholders and fairness to the company itself (assuming it to have an interest distinct from that of its shareholders).

For a representative of an institution such as M & G, which has such a strong presence in the market, to raise these questions is highly commendable and I hope that it will be widely supported. This is something which must be tidied up quickly to avoid the risk that even stronger competitive pressures in the City will create bigger anomalies.

Roger Morton.
Rose Cottage,
Kirk Ireton, Derby.

Disincentive to education

From Mr T. Murphy

Sir, — I feel that I must take issue with your leader (November 26) entitled "Finance for students," and your support for the abolition of state grants for university students.

The whole concept of loan finance for university students will prove a total disincentive to further education of the academic kind. A large number of sixth-form students will be severely daunted at the prospect of borrowing £12,000-£15,000 to study for a period of three, or more, years, knowing that there is no guarantee of employment at the end, whether in a relevant field or not, and at an income level above that of a person who left school at 18 and found a job.

This situation will undoubtedly affect pure arts students even more so than engineering or applied science students, causing an individual's choice of further education to be constrained by purely speculative financial considerations. Coincidentally, students who tend to enjoy the most benefit and development on an intellectual and human level are those who choose courses which inspire abstract thought and which seriously stimulate mental processes, rather than those based on algorithmic learning and application.

The net result will be a fall in demand for entry into purely academic courses and a tragic loss of regard for intellectual excellence per se.

It will be a sad day when students have to estimate future cash flows and adjust them for uncertainty, and risk, when considering whether going to university "is worth it."

Timothy A. Murphy.
20, Shooters Hill Road, SE3.

FINANCIAL TIMES
Friday November 30 1984

COLONY ASSESSMENT SHOWS RELUCTANT APPROVAL OF SINO-BRITISH TREATY

Hong Kong pact 'acceptable'

BY DAVID DODWELL IN HONG KONG

MOST Hong Kong residents find the Sino-British agreement on the territory's future sovereignty acceptable – if only because they regard China's recovery of sovereignty as inevitable. That was the conclusion given yesterday by the assessment office set up almost three months ago by Britain to gauge local reactions.

The finding echoes that of a survey published in Hong Kong this week, and is reflected in a position paper published on Wednesday by Hong Kong's colonially appointed lay politicians as they prepared to send a 12-strong delegation to London to lobby British MPs ahead of parliamentary debates on Hong Kong's future early in December.

The assessment office's conclusions were endorsed by Sir Patrick Nairne and Mr Justice Simon Li, the team appointed by Britain's Foreign Office to oversee the office's work.

Those monitors noted, however, that the verdict of acceptance "implied neither positive enthusiasm nor passive acquiescence." Instead, they said: "The majority who accept the agreement do so chiefly because they regard reunification (with China) as inevitable and are relieved the terms of the draft agreement are as good as they are."

At the same time, Sir Patrick, a former top British civil servant, and Mr Justice Li, who retired four years ago as a High Court judge after a 23-year legal career in Hong Kong strongly criticised, the Assessment Office for failing to move quickly to allay worries over the confidentiality of written submissions.

They noted that disquiet over confidentiality "may have weakened public confidence in the assessment task," but concluded that the upset over confidentiality had no damaging effect on the assessment task as a whole.

The British Government has attempted to deal with the confidentiality issue by promising to destroy all written submissions once the agreement is formally ratified by the UK Parliament next year. Many Hong Kong citizens were apparently worried that their criticisms might be used against them when sovereignty passed to Peking.

Many Hong Kong groups have been sceptical of the Assessment Office from the outset, arguing that if the British Government had been genuinely interested in testing local opinion on the agreement it would have held a referendum. They said the HK$2m (U.S.$255,000) spent on the exercise was a waste of money.

The office, headed by Mr Ian MacPherson, a distinguished local civil servant with a 22-year career in Hong Kong, initially failed to offer convincing assurances of confidentiality. The Hong Kong Observers, a widely respected pressure group, spoke for many critics wheen it called the assessment task "a massive charade to mask a British diplomatic defeat."

The Assessment Office based its conclusions on just under 2,500 submissions from local organisations and individuals. It also drew on press debate, statements made in the Legislative Council, the nearest Hong Kong has to a parliament, debates in the territory's 18 district boards and 23 public opinion surveys.

While noting pragmatic approval of the agreement, the Assessment Office also set out an "agenda", of reservations, qualifications and questions raised in submissions. Those included worries over commitments from Peking 13 years ahead of implementation of the agreement, the possibility of interference by China, and concern that Hong Kong people should be involved in drafting their basic law which is supposed to be based on the agreement and will replace Hong Kong's colonial constitution after 1997.

Of 430 organisations expressing views to the Assessment Office, 334 approved of the agreement and 33 rejected it. *Of 1,000 letters from individuals,* 677 indicated "positive acceptance," while 364 rejected it.

"Most took a pragmatic view towards the future," the office said. "The common feeling was that it is up to the Hong Kong people to make (the agreement) work."

The UK House of Commons will *debate the draft joint declaration* on Hong Kong – initialled last September – next Wednesday. The House of Lords will hold a similar debate the following week. A team of *unofficial members* of Hong Kong's executive and legislative councils, led by Mr S. Chung, is due to arrive in London tomorrow to brief MPs and others on Hong Kong's views.

A joint liaison group is to be set up by Britain and China, when the declaration is ratified, which will have powers of co-ordination and consultation. Part of its function will be to discuss procedures for a smooth transfer of government.

Economic indicators reflect slowdown in U.S.

By Reginald Dale, U.S. Editor, in Washington

THE latest decline in the index of leading U.S. economic indicators reflects a "sluggish phase" for the economy, but does not presage a recession, Mr Malcolm Baldrige, the Commerce Secretary, said yesterday.

The index for October, published yesterday, showed a sharper than expected 0.7 per cent fall, the third decline in five months. It brought the drop in the index to 2.6 per cent since May – a steeper decline than those preceding the last three U.S. recessions.

Figures for the two previous months, however, were revised upwards, from a 0.4 to a 0.6 per cent increase in September, and from a decline of 0.1 per cent to a rise of 0.1 per cent in August.

Mr Baldrige said that while the October figure was disappointing, the index was clearly reflecting the current economic slowdown rather than future trends. He expected it to improve in November. Mr Robert Ortner, the Commerce Department's chief economist, said that a pick-up was likely in the first quarter of 1985.

Government and private analysts yesterday said that with interest rates falling, prospects for the coming months were brighter. Some private economists, however, doubted whether the economy would do more than enter a period of slower growth, in which a modest growth rate would not be enough to stop unemployment rising.

Seven of the ten indicators available for October were negative. The first was an increase in new claims for unemployment benefit. The others were a slowdown in deliveries and building permits, a shorter average working week, lower stock prices, and declining orders for factory equipment and consumer goods.

On the positive side were rising raw materials prices, an expansion in the money supply and an increase in the formation of new businesses.

Meanwhile, President Ronald Reagan met Republican congressional leaders to discuss the Treasury's plan for simplifying the tax system and proposed spending cuts to reduce the federal budget deficit to $100bn by fiscal 1988, which begins in October 1987.

The White House said that Mr Reagan would make decisions on the budget in the next few days, although they might not be announced until he sends the fiscal 1986 budget to Congress in late January.

Mr David Stockman, the Budget Director, who submitted a long list of spending cuts to Mr Reagan earlier this week, said: "We are almost there." Mr Stockman's initial presentation to the Cabinet on Wednesday, however, was dominated by an angry Mr Caspar Weinberger, the Defence Secretary, who argued vehemently against any cuts in defence spending, officials said.

Mr Stockman is believed to have submitted possible defence cuts of up to $10bn in fiscal 1986, rising to $30bn in 1988.

After yesterday's meeting, Senator Bob Packwood, the new chairman of the Senate Finance Committee, said that Mr Stockman had told them that to get the deficit down by $45bn in 1986, by $85bn the following year and by $110bn in 1988, between 20 and 25 programmes would have to be eliminated.

Gulf states to set up joint strike force

By Kathy Evans in Kuwait

THE SIX-MEMBER Gulf Co-operation Council (GCC) ended its summit yesterday in Kuwait with an ill-defined plan to establish a joint strike force from the Gulf armies.

Kuwait Foreign Minister, Sheikh Sabah al Ahmed declined at a press conference to give details as to the size of the force, but said that it would come from within the GCC and would be on hand to protect the region from aggression.

Diplomats said that such a force in no way resembled the Western concept of a rapid deployment force. "It is just designated units – a ready reserve," said one diplomat.

GCC Secretary General Abdullah Bishaara said after the meeting: "The force exists, but it is not permanent and it will come under periodic review."

The GCC also said it was studying the possibility of an inter-state gas grid to feed the gas-short states in the union. There were also resolutions on allowing GCC nationals to buy land in each member state, but no details were given.

There were also pledges on instituting customs tariffs on imports to protect locally made goods.

THE LEX COLUMN

Grapeshot in the glens

Royal Bank of Scotland's note of warning about banking prospects next year was sounded, appropriately enough, on the same day that Midland chose to blow a trumpet about free banking. To accompany quite good-looking full-year results with a shake of the head about next April's Composite Tax Rate may simply have been Scots gloom or prudence; but RBS, already 57 per cent beholden to the wholesale sector for its sterling funds, can do without losing deposits to Midland as well as to the building societies. And if others decide to follow Midland into the open, the group will have to fight even harder for the sort of 11 per cent increase in current accounts its own free banking brought in last year.

Even so, there was every reason to be impressed yesterday with a 37.5 per cent increase in pre-tax profits to £131.3m. A mere 4 per cent rise in staff expenses, on a fairly steady number of employees, gave an idea of what cost-savings could lie in store once the merger with Williams & Glyn's is functioning fully in 1986. And RBS itself felt confident enough to lift the interim dividend by 15 per cent even though the Chancellor of the Exchequer's last bank-bashing exercise had contributed to a threefold increase in the tax charge and left earnings per share lower. At 238p, up 8p yesterday, the shares yield 5.2 per cent, comfortably below the sector average. This might reflect subliminal bid speculation but more probably the market recognises what last year's £1.3m fall in bad debt charges says about the quality of the RBS sovereign loan book.

Redland

Redland's annual meeting fell only two days before the interim accounts were ruled off this year, so the market knew almost exactly what to expect when the figures for the half-year to September were wheeled out yesterday. Sure enough, profits of £48.7m pre-tax – a gain of 16 per cent – were well up to expectations, and the 10p fall in the share price to 265p owed more to disappointment with the dividend than to any concern about Redland's trading performance.

The 14 per cent improvement in UK trading profits was, if anything, ahead of the game. Redland's southern bias has enabled it to resist the downturn in the cycle, while by next year more efficient tile manufacturing capacity should allow the group to absorb volume falls of between 5 and 10 per cent without loss of profit. In West Germany the position is less happy, but there will be some compensation in a lower minority charge from Braas. With Australia and the U.S. still in full swing, Redland should make around £108m this year – producing a p/e of around 10 after a 38 per cent tax charge – with more to come in 1985. And there is every prospect that Redland will make amends for the modest rise in the interim dividend with its next preliminary statement.

Habitat/Mothercare

Not even Habitat/Mothercare can get away from the hard fact that an elevated rating demands something special in the way of growth. In yesterday's market an earnings increase of only 20 per cent for the half-year to September left the share price hanging in mid-air, well clear of 20 times this year's likely earnings – a big step even for such a stylish performer as Habitat. When the shares finished 16p lower at 374p, it could at any rate be claimed that they had regained contact with retailing reality.

That reality is impressive enough. At this stage in the consumption cycle it is not every stores group that can still drag a 25 per cent increase in trading profits out of only 12 per cent extra turnover. More is evidently being gained from the rejuvenation of Mothercare in the UK, while increased profit from the UK Habitat stores against a strong first half in 1983 is not to be sneezed at. A recovery from Habitat's French chain is also very welcome.

On the other hand, Mothercare's overseas operations have yet to reproduce UK-style profitability. To have settled on a relaunching formula for Mothercare in the U.S. is no doubt encouraging, but actual profits have proved elusive once again. Perhaps, like the born-again Richards chain, these difficult children are as full of recovery potential as the Habitat share price still seems to assume.

Trust management

Investment trust management has long been one of the more comfortable ways to make a living in the City of London, but just recently some of the old cosiness has started to fade.

The main reason for this seems to be a legitimate desire on the part of large institutional shareholders to get their trusts more efficiently managed. Lord Keith's admission that the Philip Hill trust is seeking help from Morgan Grenfell because it could not itself afford to maintain an overseas competence recognises that there are economies of scale in trust management.

The smaller management stables may thus have a limited future. It must none the less puzzle outside shareholders that changes of management – or of management method – can occur without formal consultation, and in the case of Philip Hill result in the owners of one trust paying fees for advice consumed by two others.

New debt crisis for Kuwaiti companies

By Kathy Evans in Kuwait

THE KUWAITI Government has set up a committee to seek solutions to what threatens to be another stock exchange crisis that might bring fresh political instability.

At its heart is the growing debt of several large companies listed on the Kuwaiti stock market.

Official forecasts put losses among the market's 45 listed companies at about $1.4bn this year against combined profits of $350m in 1983. One company has gone into liquidation and seven are said to be in a critical state.

The unresolved difficulties left by the Souk Al Manakh – the unofficial stock exchange that enjoyed an enormous boom until shortly before its collapse in mid-1982, leaving uncleared, post-dated cheques of $94bn, plus the concentration of many of those companies on share speculation rather than manufacturing – are said to be to blame for the crisis now breaking.

The writing down of debt from the Souk collapse has seen many companies collecting only a fifth of the face value of notes receivable. In addition, the issue of the 30 biggest debtors remains unresolved.

Many of the debt settlements involved payments with shares in companies listed on the official market. As speculative attention switched into that market, share prices fell sharply – market capitalisation was down from Kuwaiti dinars 7.6bn ($22.2bn) in January to KD 4.9bn by mid-November.

Only the Government's KD 900m support operation has helped to prevent share prices from dropping even more severely.

The Government seems unsure how to react. When it was more flush with oil revenues, it was prepared to finance expensive bail-out operations. Now it is not certain *that money will meet the underlying* difficulties.

Among the proposals being put forward are that year-end accounts should be abandoned in the hope that after six months things will look better. Another idea is to enter the support level prices in the accounts and put their market rates in the small print. A third plan is for a KD *150m* fund *to* buy shares on the market, push up prices and so clean up the balance sheets.

A broker said there was a danger that if any of the plans were implemented it would make Kuwait "the laughing stock of the financial world."

Details, Page 21

Italian Senate approves plan to raise tax on self-employed

BY JAMES BUXTON IN ROME

THE FIVE-PARTY coalition Government of Sig Bettino Craxi was left bruised and shaken yesterday after the Italian Senate gave its approval to the controversial Bill designed to extract higher tax payments from the self-employed and from small businessmen.

Next week the Bill goes to the Chamber of Deputies, the lower house, where it can expect an even more difficult passage.

The draft legislation, drawn up by Sig Bruno Visentini, the Minister of Finance, is designed to end the long-standing avoidance of taxes by small shopkeepers and artisans, and by self-employed professionals.

Its most controversial provision gives tax inspectors the power to make assumptions about the profits of a business on the basis of its *turnover.*

To overcome obstruction from the neo-Fascist Italian Social Movement, and to oblige the many reluctant MPs on its own side to vote for the Bill, the Government attached a vote of confidence in the Government as a whole to each clause in the Bill. Each therefore passed with a substantial majority.

The small Social Democrat Party, which draws much of its support from the *petit bourgeoisie* abstained from voting on a key clause in the Bill. This brought upon it the fury of the Christian Democrats, the largest party in the Government, who have their own grave misgivings about the measure, but felt it their duty to support the Bill in order to keep the Government in existence.

The Christian Democrats will now press Sig Visentini to make *substantial amendments to the Bill* in the Chamber of Deputies, where the opportunities for obstructing it are even greater than in the Senate. But Sig Visentini, who is chairman of the moralistic Republican Party, says he will not make any further changes.

Sig Craxi wants the Bill passed before the Christmas recess, so that it can come *into force from January* next year. It is expected to raise L10,000bn ($5.2bn) in additional revenue.

If the Bill fails or has its key provisions massacred, Sig Visentini has said he will resign, which would bring about the fall of the Government. The threat is a potent one since no party is keen at this point to see a government crisis.

A crisis now would probably restore Sig Craxi to the Prime Ministership since there are few plausible choices for the post.

Luxembourg court sets free £4.38m of UK miners' funds

BY JOHN LLOYD AND RAYMOND HUGHES IN LONDON

BRITAIN's National Union of Mineworkers (NUM) has succeeded in *unfreezing £4.38m ($5.2m) of its* funds in a Luxembourg bank, despite opposition from sequestrators appointed by the High Court in London to seize the union's assets.

The decision in Luxembourg came as Mr Arthur Scargill, president of the NUM, told his national executive committee yesterday that he "knew nothing" of any initiative by the Trades Union Congress (TUC) to restart talks with the UK Government.

Mr Scargill said after his executive meeting ended that the "drift back" to work had been "an abysmal failure as far as the National Coal Board (NBC) is concerned."

The Luxembourg ruling will increase *difficulties being faced* by the sequestrators – four partners in City of London chartered accountants Price Waterhouse – in their attempts to collect the £200,000 contempt-of-court fine on the NUM. The judge said yesterday that foreign court orders were not enforceable in Luxembourg.

The sequestrators later acknowledged that the ruling was a setback, but said they would have to study the full text of the judge's decision to see whether further legal steps, such as an appeal, were available to them in Luxembourg.

Meanwhile, a Swiss court yesterday postponed a decision on an application by the sequestrators for an order freezing £503,000 of NUM funds traced to an account at EBC (Schweiz), a Zurich financial company.

A lawyer for the company questioned whether English sequestration orders had any legal force in Switzerland. A decision is expected in about 10 days.

In Luxembourg, Judge de Zieglach refused to prolong a freezing order obtained by the sequestrators on November 14 on NUM funds totalling £4.63m in an account in Nobis-Finanz International.

The account is in the names of Mr Trevor Cave, the NUM's head of administration, and Mr Stephan Hudson, the union's chief finance officer. They had asked the judge to release all but £200,000 and a sum *to cover possible costs.*

The sequestrators asked for the funds to remain blocked until the could put High Court documents before the court proving their claim to be *entitled to the money.*

The judge said the question of who controlled the union's funds was not relevant to yesterday's application *to* unfreeze the Luxembourg account.

That was something to be dealt with on December 10, when the sequestrators' claim for the appointment of a judicial sequestrator to control the funds, pending a ruling on their claim, will be heard.

Because foreign court orders were not enforceable in Luxembourg, he could not take account of the English sequestration order, the judge said.

At the Zurich hearing, the sequestrators argued that the funds should be frozen so that they could not be used to finance a strike ruled illegal by the English High Court.

The aim of freezing the money was not simply to enforce payment of the contempt fine, but rather to protect miners who were willing to work, their lawyer said.

The lawyer for EBC (Schweiz) contended that freezing the funds would be a confiscation that had a direct connection with non-payment of the contempt fine.

He said that sums far exceeding £200,000 had already been sequestered in Luxembourg and Dublin, *so a freeze of the Swiss funds was* superfluous.

The Luxembourg ruling is a serious setback for the sequestrators – although it may not significantly *benefit the NUM.*

On Wednesday, the sequestrators reported to the London High Court that they had got their hands on only £1,852 of the union's money.

They have frozen £2.78m in a Dublin bank, but on December 11 the Dublin High Court will hear a plea by the union for the fund to be freed – on the ground, among others, that Irish law does not permit enforcement of an English sequestration order.

Coal stocks rise, Page 8

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	17	63	Dubrovnik	S	16	61	Malaga	-	—	—	Salzburg	S	8	46
Akrotiri	F	19	66	Faro	R	16	61	Malta	-	—	—	Seoul	C	8	46
Algiers	-	—	—	Florence	S	10	50	Manila	S	31	88	Singapore	F	30	86
Amsterdam	C	9	48	Frankfurt	S	9	48	Miami	F	25	77	Stockholm	S	7	45
Athens	S	14	57	Funchal	C	18	64	Milan	Fg	4	39	Strasbourg	S	8	46
Bahrain	S	25	77	Geneva	S	7	45	Moscow	C	-16	3	Sydney	S	29	84
Bangkok	S	31	88	Gibraltar	C	16	61	Munich	S	7	45	Taipei	R	20	68
Barcelona	-	—	—	Guernsey	C	12	54	Nairobi	C	19	66	Tangier	-	—	—
Beirut	S	19	66	Helsinki	C	5	41	Naples	S	15	59	Tehran	-	—	—
Belgrade	S	10	50	H. Kong	C	21	70	New Delhi	S	23	73	Tel Aviv	F	21	70
Berlin	S	7	45	Innsbruck	S	6	43	New York	F	17	63	Tenerife	-	—	—
Biarritz	-	—	—	Inverness	F	10	50	Nice	F	15	59	Tokyo	S	12	54
Blackpool	C	10	50	Istanbul	F	10	50	Oporto	C	14	57	Toronto	-	—	—
Bordeaux	S	12	54	Jersey	C	11	52	Oslo	C	9	48	Tunis	C	19	66
Brussels	C	11	52	Jo'burg	R	24	75	Paris	F	11	52	Valencia	-	—	—
Budapest	Fg	2	36	Las Palmas	-	—	—	Prague	-	—	—	Venice	S	8	46
B. Aires	C	26	79	Lima	F	23	73	Reykjavik	-	—	—	Vienna	F	5	41
Cairo	F	21	70	Lisbon	C	12	54	Rio de J'o	C	29	84	Warsaw	C	5	41
Cape Town	S	22	72	Locarno	-	—	—	Rome	S	17	63	Zurich	Fg	1	34
Caracas	C	28	82	London	C	12	54								
Casablanca	-	—	—	Los Angeles	F	17	63								
Copenhagen	F	9	48	Luxembourg	S	9	48								
Corfu	C	18	64	Madrid	F	14	57								
Dublin	C	11	52	Majorca	-	—	—								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Support for EEC treaty

Continued from Page 1

It also contains plans for streamlining decision-making in the Council of Ministers which Mr Rifkind, along with his Greek and Danish colleagues, has refused to back.

The most important proposal would be an insistence that voting on *all decisions should* be by qualified majority, except where they concern "new areas of action" or the accession of new member states.

All three opponents withheld their support from plans to increase the powers of the European Parliament to give it responsibility for "joint decision-making" over wider areas.

The committee, however, was unanimous on one plan to reduce to one the number of commissioners per member state – halving the two nominees which Britain, France, West Germany and Italy are at present allowed.

There was also agreement by all members except *Denmark* on a plan to set up a permnent secretariat to co-ordinate political co-operation between member states, and to organise more regular meetings

Although the idea that defence and security should be included in Community discussions is treated with extreme caution, it is included *in the report. Senator Dooge* withheld his support, however.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday November 30 1984

Coke takes the 'bite' out of diet soda

By Terry Dodsworth in New York

COCA-COLA, the U.S. soft drinks company, gave another hefty boost to the NutraSweet artificial sweetener yesterday, when it announced that it would in future make its Diet Coke brand using only NutraSweet.

Coca-Cola's decision follows a similar move by its arch-rival Pepsi-Co at the beginning of this month. Until now, both companies had been using a mixture of NutraSweet and saccharine in their diet sodas, mainly on the ground that saccharine is cheaper.

The extra cost of using NutraSweet, the brand name for the aspartame compound discovered by G. D. Searle, the Illinois-based drug company, will be shared between Coca-Cola and its bottlers. Retail prices are expected to be little affected, however, because of the highly competitive conditions that have developed in the diet soda market, where Diet Coke is the brand leader.

Coca-Cola said yesterday that it was "too early" to say what effect the Diet Pepsi move to NutraSweet had on sales, but the feeling on Wall Street was that Pepsi's decision had forced the hand of its larger rival.

The taste of the diet product will change slightly by moving over from the saccharine mix, which is said to leave a sharp after-taste to the consumer. The higher the percentage of NutraSweet the "less the bite" Coca-Cola said yesterday.

The company is not, however, entirely abandoning saccharine, which will continue to be used in a mixture with NutraSweet for some of its other diet drinks, including Fanta, Sprite and TAB.

The jockeying for position between the big soft drinks companies in the diet soda market, underscores the importance of the unexpectedly rapid growth of sales in this sector.

U.S. paper industry plans $7.5bn investment

BY WILLIAM HALL IN NEW YORK

THE U.S. paper industry is expected to spend in excess of $7.5bn a year to expand its capacity by 3.8m tons, or 5 per cent, over the next three years.

The industry has increased its capital spending this year by more than 10 per cent to an estimated $5.2bn, according to the annual capacity survey published this week by the American Paper Institute (API). Capital spending has not yet recovered to its 1981 peak of $5.5bn, but industry executives are forecasting that 1985 will be a record year for the industry in both output and capital spending.

In 1984, U.S. paper and paperboard capacity has increased 1.6m tons, or 2.3 per cent, to 72.7m tons. The increase in capacity compares with a forecast increase in industry output for this year of between 5 and 6 per cent, and 3½ per cent in 1985.

Despite demand which has been growing more than twice as fast as new capacity, Ms Norma Pace, senior vice-president of the API, said that "fears of shortages that were expressed earlier in the year *proved unfounded*."

The API forecasts that between 1985 and 1987, industry capacity will grow at 1.8 per cent a year and by 1987 total paper and paperboard capacity in the U.S. will amount to 78.3m tons, or just under a third of the world total.

The increase in U.S. capacity over the next three years will include 61 per cent or 2.2m tons in printing and writing paper production. The latter currently accounts for 26 per cent of existing capacity.

During the last 10 years, U.S. producers have increased their capacity in this area by almost 5m tons or *36 per cent and the API is forecasting* that at least seven new paper machines will be started up within the next three years, thus increasing capacity by an average 3.6 per cent a year.

Planned capacity in printing and writing papers in 1987 is almost 22m tons, or 29 per cent of industry capacity. The API is also forecasting above average rates of expansion for tissue papers and for solid bleached paperboard.

In contrast, producers of newsprint and unbleached Kraft packaging papers have shut some facilities and plan further shutdowns which will result in a decline in annual capacity of about 300,000 tons over the next three years.

Great Lakes Forest Products, the Canadian forestry group, is to join five western U.S. publishers to build a newsprint mill 60 miles north-east of Spokane in Washington state. The mill, with an annual capacity of 154,000 tons, will cost about U.S.$210m and is scheduled for completion in early 1987. Great Lakes' partners in the venture are companies in California, Utah and Arizona, including the publishers of the San Francisco Chronicle and the Sacramento Bee. Great Lakes is a subsidiary of Canadian Pacific Enterprises and already supplies a number of newspapers in the north-central U.S. with newsprint from its mill at Thunder Bay, western Ontario. A Great Lakes subsidiary will act as managing partner responsible for building and operating the new mill. The publishers will commit themselves to buying more than 80 per cent of total production, and the balance will be sold on the open market.

Europeans buy 80% of Carlson

BY TERRY POVEY IN LONDON

CARLSON Group, the privately owned U.S. construction company, has been taken over by a group of unnamed European investors, the company said yesterday. The American company has been in some difficulty since the collapse of its associate Carlson al Saudia with debts of between $50m and $100m.

Mr Joseph Celi, the Boston-based company's president, said that new shareholders had been sought after the financial difficulties for the Saudi affiliate had developed. The existing management of Carlson is to retain a 20 per cent stake in the company, with the new investors holding the rest.

According to Carlson, the new investors may be associated with Société Auxiliaire d'Entreprise (SAE), the French construction company, and ultimately the 80 per cent stake bought by the investors may be taken up by SAE.

Carlson encountered financial difficulties last year when its affiliate in Saudi Arabia suffered bad cash flow on payments for work on a $136m project at the King Saud University in Riyadh.

In late October, the Saudi Government cancelled the Carlson al Saudia contract and that effectively led to the collapse of the local company.

Creditors of Carlson are thought to include Baybank of Boston, Bank of Credit and Commerce International, Continental Illinois, National Commercial Bank of Saudi Arabia and UBAF. The company says it settled with its banks on November 2, the day the European group acquired control of Carlson.

The Saudi company is in the process of being liquidated, with wages owing to some 4,000 workers

Caterpillar calls for further reductions

By Our New York Staff

CATERPILLAR Tractor, the world's largest earthmoving and construction equipment company, gave advance notice to its 48,000-strong U.S. workforce yesterday that it would almost certainly be calling for further cutbacks over the next three years.

Two of Caterpillar's European plants, however, would benefit from the proposed plan. The facilities at Glasgow in Scotland and Grenoble in France would, the company said, be able to take over products made at the Davenport plant in Iowa.

Caterpillar's announcement came as no great surprise to the financial markets, where its shares gained $⅛ to $31¼ in early trading. The company had recently indicated that the sharp reductions in capacity which it has pushed through in the last two years were not sufficient and that the strength of the dollar was increasingly pricing its U.S. products *out of international* markets.

The plans, revealed in a third-quarter report to shareholders, call for reductions in manufacturing at the group's facilities in Mapleton and Joliet, Illinois, and Davenport, Iowa. Completion of the training centre at Peoria, Illinois, and the parts distribution centre at Morton, Illinois, have also been indefinitely postponed.

These cuts, designed to improve operational results and cash flow through to 1987, would go ahead "absent a reversal of current thinking" the company said.

The UK and French factories look set to benefit from the slump in demand which has left the facilities at Davenport, where Caterpillar makes tracked loaders and parts, greatly under-utilised.

Michael Thompson-Noel looks at the affairs of Murdoch's Australian group

No light shed on performance at News Corp annual meeting

NEWS CORPORATION'S annual meeting yesterday cast only the palest illumination on the affairs of one of the world's biggest media combines.

*News Corp can be aloof and diffi*dent for a group that handles ever-growing sums of money – and last year got its fingers burnt by gambling on the dollar.

Stated net profit for 1983 to 1984 of A$95.9m (U.S.$82.5m) had the bloom knocked off it by extraordinary charges of A$60.4m mainly due to foreign currency losses caused, News said, by a "serious misjudgment of the international money market and a resultant failure to cover our exposure."

Mr Richard Searby, News Corporation chairman, whose manner is above all calm, touched on the losses briefly, and then hurried on. He thought "no elucidation" was necessary, and said the losses should be seen in terms of the trans-national operations of a group now turning over more than A$1.9bn.

"Misjudgments were made," Mr Searby said, adding that the fact that the U.S. dollar had continued to appreciate in the way that it did had been a "matter of wonder."

The meeting was held in a small executive room on the third floor of the News building in Adelaide, South Australia, the group's ancestral home, founded in 1923.

There were about 40 people present at yesterday's meeting, including Mrs Anna Murdoch, the proprietor's wife, dressed in pink and pearls.

At 11.30 am, precisely, Mr Rupert Murdoch walked in. He unstrapped his watch, placed it on the baize cloth in front of him, and glanced swiftly around.

After Mr Searby's speech – which provoked not a single question – Mr Murdoch explained the background to his most recent acquisition, the purchase of 12 technical and travel publications from Ziff-Davis of the U.S. for $350m.

"If you were shocked at the price we paid, so was I," Mr Murdoch said genially, adding that U.S. magazine publishing was enjoying a "golden age," and that he would be looking for "further opportunities in that area."

He said later that he had offered $530m for all 24 Ziff-Davis periodicals, which included 12 consumer magazines sold to CBS for $362.5m.

Mr. Murdoch said the Ziff-Davis purchase would start incurring interest costs from the first or second week of January, and that earnings would not flow through until near the end of the second half of the year (to June 30 1985).

The speed with which News is consolidating its U.S. beachhead shows up like this: In 1981-82, its U.S. operations accounted for 18.1 per cent of turnover, and 5.7 per cent of profit before interest. In 1983-84, the U.S. operations accounted for 27.4 per cent of turnover, and 17.5 per cent of profit.

*News still gets 43 per cent of prof*its from Britain, whereas the contribution from Australia is noticeably down – 76.7 per cent of profit in 1981-82, down to 39.6 per cent (A$60.7m) in 1983-84.

Mr Murdoch said yesterday that his Australian operations were performing well this year – especially his TV stations, TEN-10 in Sydney and ATV-10 in Melbourne.

In the UK, Times Newspapers was performing much more strongly, particularly the Sunday Times, whose advertising space was booked out for the next eight months. The Times itself was earning higher revenues, and would be the subject of a major promotional push in 1985.

Earnings at The Sun and the News of the World had been down recently, but not by much.

As for Sky Channel, operated by SATV (News International 73 per cent), which broadcasts English language programmes to cable systems in Europe, Mr Murdoch said it was now receivable in 2.5m homes, and expected it to grow to 5m

News lost A$8.3m on SATV last year but Mr Murdoch said that big advertisers like P&G and MacDonalds were moving in.

Beatrice set to sell equipment unit

BY OUR FINANCIAL STAFF

BEATRICE COMPANIES, the U.S. food and consumer products group, has signed a letter of intent to sell its food service equipment businesses to Gibbons Green van Amerongen for $116m in cash.

The sale will bring Beatrice a gain after tax of about $46m. It is part of a plan to divest five business areas with total sales of $1.3bn, in an attempt to reduce debt incurred through the $2.7bn takeover of Esmark, the consumer products group, this year.

The companies to be sold to Gibbons Green make commercial cookware and equipment for the food service industry, also hand and hair dryers. Total sales in the year ended February 29 were $133m.

Beatrice added that it had completed the sale of Buckingham Corporation, sole distributor of Cutty Sark Whisky in the U.S., to Whitbread, the UK brewer, for $110m. The deal will produce a $40m net gain for Beatrice.

Mr James Dutt, Beatrice's chairman and chief executive, said the divestiture programme was on schedule (for February 1985) and he was encouraged by the prices received so far. An announcement on the sale of the chemicals operation is expected before the end of the year.

INTL. COMPANIES & FINANCE

Dresdner sees DM 2bn for year

BY JONATHAN CARR IN FRANKFURT

DRESDNER BANK, West Germany's second biggest commercial bank, is heading for a group operating profit this year of around DM 2bn ($651m) just below the record 1983 figure.

The directors said yesterday that operating profit of the parent bank alone would be well over DM 1bn.

In the light of these results it is expected that the Dresdner will at least hold its dividend—which last year was raised to DM 6 from DM 4.

Dresdner is the second of the "big three" German banks to announce better results for 1984 than were generally foreseen even at half-year. Commerzbank issued its details last week and Deutsche Bank will do so next week.

Dresdner's detailed results for the first ten months show that the bank has been able largely to make up for a fall in the interest margin—to 2.7 per cent, from 2.9 per cent in 1983—with a rise of 6 per cent in average business volume.

Hence Dresdner's profit from its interest business dropped by only 1.3 per cent to DM 1.98bn in the first ten months. Commission earnings meanwhile rose by 7 per cent to DM 702m.

After allowing for deductions for personnel and other expenses, the bank's "partial operating profit" was down by 7.9 per cent to DM 649m.

Operating profit, which includes the results of the bank's own account trading, was not specified for the ten month period.

Reflecting the general recovery in West Germany, where a real economic growth rate of at least 2.5 per cent is expected this year, Dresdner said it was putting aside less for domestic risk provision than it had done in 1983.

On the other hand the group will put aside more than last year for foreign risks—not least because of the constant need to provide "fresh money" for debtor states.

However Herr Jürgen Sarrazin, board member responsible for Latin America, Africa and the Middle East, stressed a Press conference that on the debt issue West German banks were relatively well placed by comparison with foreign counterparts.

This year, he estimated, German banks had to put up around 6 per cent of the total $12bn needed in "fresh money." This put the German banks in sixth place—behind the U.S., Britain, Canada, France and Japan.

Dr Wolfgang Röller, Dresdner's senior capital markets expert, said the bank had the question of its presence in the key London market under constant review, but had come to no decision on whether to boost its presence there.

He was replying to questions whether the Dresdner would seek to emulate its key rival, Deutsche Bank, which is setting up a new capital markets operation in London and has taken a stake in Morgan Grenfell.

Dr Röller *emphasised* that while London was of great importance, every chance should be seized to develop financial markets in Germany.

Dr Röller is shortly to take over as Dresdner's acting chief executive. Dr Hans Friderichs is being temporarily released from his duties as chief executive at the end of December, to allow him to concentrate on his defence against corruption charges in the so-called Flick affair, arising from his term of office as Minister of Economics in Herr Helmut Schmidt's coalition government.

Glaxo and Boots plan £50m UK investment

By Lisa Wood in London

GLAXO and Boots, two major British pharmaceuticals companies, yesterday announced investments totalling £50m ($60m) to expand drug production facilities in the UK.

Zantac, the anti-ulcer medicine, is now Glaxo's biggest selling product and launches have just taken place in France and Japan.

The drug first came on to the market in 1981 and its success can be illustrated by its performance in the important U.S. market where it was launched in July 1983.

Sales in the U.S. in the first year to June 1984 reached $134m in a total U.S. anti-ulcer market of about $600m (the world market is about $2.3bn). This U.S. performance made Zantac the highest ever achiever in the first year of any drug launched in the U.S.

Worldwide sales of Zantac were £250m in the year to June 1984 and Glaxo is hoping for strong growth in the Japanese market. The drug's chief competitor, Tagamet, the market leader, is produced by Smithklein Beckman of the U.S.

About £45m is to be invested by Glaxo in expanding facilities in two existing Scottish plants to boost production of Zantac.

Boots is spending £5m to expand production in Nottingham of its Brufen (ibuprofen) painkiller which is now sold over the counter in the UK and U.S.

Glaxo said yesterday that the investment is to be shared between two factories at Annan, Dumfriesshire, and Montrose, Angus. Raw materials for the drug's production will come on stream in early 1987. A total of 70 new jobs will be created.

The group's main Zantac production plant is in Singapore where a purpose-built plant was opened in 1982. Glaxo said the UK investment was being made as many basic manufacturing facilities were in Britain and it was logical to add capacity, raw materials often being shipped abroad for tabletting and packaging.

Recent moves by the UK Government over drug companies' profits provoked some manufacturers to warn that future investment in Britain could be jeopardised. However, Glaxo said yesterday: "We have had continuous long-term investment policy in the UK and nothing that has happened recently has led us to reconsider that policy."

Government move on Saleninvest

BY DAVID BROWN IN STOCKHOLM

THE SWEDISH Government has been forced to step directly into talks on the restructuring of Saleninvest, the country's largest shipping company.

Salen is attempting to reach *agreement with the banks and* the National Debt Office—which has guaranteed SKr 1.2bn ($137m) of its SKr 3.4bn outstanding loan debt—on a plan to postpone the repayment of loans, rebuild the balance sheet and bolster its liquidity.

The National Debt Office yesterday referred the question directly to the Social Democratic Government for a decision.

Mr Sven Salen, the chairman, said he expects a decision before the year-end. "All sides understand that the uncertainty *is not beneficial to opposition* on the marketplace."

Salen, which is also the world's leading independent operator of refrigerated cargo vessels, has been hit by continued weak shipping markets, the high U.S. dollar rate and the need to make provisions against recently discovered bad debts in the U.S. It is expected to make a substantial loss in 1984.

Earlier this year, Sweden's leading liner operation, Broströms, was rescued by a government, bank and shareholder *package. Its liner assets* were transferred to Transatlantic, its former domestic rival.

Salen is highly leveraged with growing financial costs against a small equity capital of SKr 150m, and it attempting to stem the outflow until the main refrigerated shipping season begin in the early part of next year.

Exxon to drop office systems

BY WILLIAM HALL IN NEW YORK

EXXON, the world's biggest oil company, has put its Exxon Office Systems subsidiary up for sale, as evidence mounts that it *is* preparing to write off its pioneering diversification move which has net assets of around $100m.

Exxon entered the office equipment business in the mid-1970s in a bid to diversify away from heavy reliance on the oil business. In its early years Exxon Office Systems was seen as a potential competitor for industry majors like IBM and Xerox. Analysts say that some of its early products, such as the QYX electronic typewriters were highly regarded by competitors.

However, the division's early promise has not been matched by its latest *performance. It* is believed to have been unprofitable in recent years and is facing fierce competition. Observers say that it has lost much of its early technological leadership.

While the investment accounts for about one quarter of 1 per cent of Exxon's assets, the decision to pull out of the office *systems business is another* sign that the major oil companies are rethinking their earlier moves outside the oil industry and returning to what they know best—discovering and marketing oil products.

In 1979 Exxon paid $1.2bn, roughly twice book value, for Reliance Electric, a Cleveland-based electrical component manufacturer to help market an invention which promised to *dramatically raise the efficiency* of electric motors. The invention flopped and Exxon was left with a company for which it had no real use.

Amev climbs almost 26% at nine months

By Laura Raun in Amsterdam

AMEV, the third-largest Dutch insurance company, lifted earnings nearly 26 per cent to Fl 181m ($52.3m) over the first nine months from Fl 144.1m a year earlier.

For 1984 as a whole, the Utrecht-based insurer expects net income to grow at least 20 per cent, which would boost earnings to around Fl 251m.

On a per-share basis, profit for the nine months rose to Fl 15.42, from Fl 12.48, while total income increased 13 per cent to Fl 4.09bn from Fl 3.63bn. *Non-life insurance business* contributed the most, by far, to the income growth, expanding 24 per cent, compared with 9 per cent for life insurance and 1 per cent for other activities. Amev's non-life insurance business has grown more rapidly than its other activities for several years.

The U.S. accounted for the greatest increase in non-life insurance income, also continu*ing a trend of recent years.* The robust U.S. economy particularly buoyed accident and health insurance business while aiding the life insurance side to a lesser extent.

In recent years, Amev has rapidly expanded its foreign business and now operates in 11 countries worldwide, with 49 per cent of its total income originating overseas.

Lundberg lowers Custos stake

BY OUR STOCKHOLM STAFF

L. E. LUNDBERG, the Swedish construction *company, has sold* most of its holding in Custos, one of the country's largest investment groups, to Skandinaviska Enskilda Banken.

The deal—worth some SKr 1bn ($14m)—is another in a series of large power shifts on the Swedish financial scene in recent months.

S. E. Banken, the country's largest commercial bank, will sell the holding to "other institutional shareholders."

Mr Fredrik Lundberg, president of the building company and one of Sweden's new breed *of entrepreneurs, sold out* following a sharp dispute with longstanding Custos shareholders and the company's management over plans for a large rights issue. This was seen as an attempt to dilute his rapidly-growing influence.

In two years, he had become Custos' single largest shareholder, acquiring 28 per cent of the votes.

He will retain an 8 per cent *voting stake in Custos* but has an option to sell it to S. E. Banken next year.

BBL achieves 22% advance

By Paul Cheeseright in Brussels

BANQUE BRUXELLES LAMBERT, the second largest of the Belgian banks, is lifting dividend payments 5.55 per cent on the back of a 21.9 per cent *rise* in net consolidated profits.

Net profits for the year to September were BFr 2.18bn ($35.3m) compared with BFr 1.79bn last time.

The net dividend *is* up BFr 5 to BFr 95 a share. On the two categories of special shares, issued in 1983 to take advantage of Government fiscal incentives, the payout *will be BFr 175.78 and* BFr 184.24 respectively.

Net profits were swollen by a capital gain from the sale of 30 per cent of BBL's 40 per cent stake in Banque Internationale à Luxembourg to Groupe Bruxelles Lambert, which now holds only 10.7 per cent of BBL.

Operating profits rose to BFrs 8.09bn, from BFrs 7.37bn,

Debt legacy weighs down Kuwait's stock market

Kathy Evans reports on the impact of the continuing shockwaves from the Souk Al Manakh collapse on Kuwait's corporate life

TWO-AND-A-HALF years after the $94bn collapse of Kuwait's unofficial stock market, the country faces another stock market crisis—this time with its official exchange. Several listed companies are on the verge of bankruptcy and officials estimate that this year's losses by the 45 registered companies could total $1.4bn.

This crisis strikes at the heart of Kuwait's industrial sector—many of whose public companies appear to have been making their profits from share trading rather than manufacturing. Some produce no goods, and exist merely as a vehicle for making money on the exchange.

Already one company, Kuwait Sanitary Industries, has announced that its entire capital has been wiped out following losses on the market and others are thought to be in danger of meeting the same fate.

The losses have been caused by writedowns of debts hanging over from the still unresolved Souk Al Manakh collapse, the unofficial exchange that went bust in the summer of 1982 leaving an enormous mountain of uncleared post-dated cheques. Notes receivable for some of these debts have been marked down to as little as 20 per cent of their original value.

Another loss generating factor has been the share dealing activities of the companies—prices on the official market have fallen by 50 per cent overall in the past year.

Kuwait's Government appears to be uncertain as to what to do. At the liquidation meeting for Kuwait Sanitary a telephone call was received from the Government to halt the proceedings but now it is believed that the Government has decided to go ahead and allow the company to go bankrupt.

If others like it are allowed to go under, then a significant portion of the settlements already arrived at in the Souk Al Manakh problem would have to be recalculated. Many of these have been made in the form of shares, all of which are now declining in value, or may possibly be declared worthless.

Alarm bells are also ringing around the banks, for a substantial portion of all bank credit—some say as much as half—is backed by shares.

Now that the stock market is undergoing its second reversal in two years, weaknesses in the country's industrial programme are beginning to show up. But for the Government to go ahead and declare the companies bankrupt would be tantamount to admitting that parts of its industrialisation effort was a failure.

The latest crisis has been precipitated by the need to draw up balance sheets for the end of the year. According to a letter circulated by the three semi-state investment companies, losses expected this year are estimated to be KD 480m (US$1.4bn) compared with profits of KD 120m last year, and KD 280m in 1982.

As the Government now owns more than 50 per cent of the shares listed on the official market (following its KD 900m support operation last year), the present problems are firmly being laid at its feet. For as official support has been withdrawn prices have been steadily slipping and a 40 per cent drop in market capitalisation is expected by the year-end.

Local brokers say that in January market capitalisation stood at KD 7.59bn but by mid-November had dropped to KD 4.89bn. These figures include the prices of some companies whose quotations have not moved at all as there have been no trades in them for months. A fair value for these shares is impossible to estimate, say brokers.

The market capitalisation figures do not, however, take into account the position of the 30 major dealers on the Souk Al Manakh, whose problems remain unresolved. No one really knows what value to place on the notes receivable of these big debtors.

Commenting on the situation one broker said: "It was a house of cards anyway. All the profits of the industrial companies and others were made from share dealings, and now these profits have been replaced by nasty losses. The Government has to face up to the fact that the shares are not worth the price of a jam tart."

Not surprisingly, the Government's first reaction has been to form a committee to study the problem and already various formulas have emerged about how to solve the crisis.

But as one observer remarked "that may solve the problem up to December 31—though that is unlikely. But that still leaves January 1 to cope with." Clearly, the day of reckoning on the Souk Al Manakh problem is looming rapidly.

Associated Cement in row over scrip issue

By R. C. Murthy in Bombay

ASSOCIATED CEMENT Companies (ACC), India's largest cement manufacturer, is locked into a dispute with government-owned financial institutions on proposals to make a four-for-five scrip issue.

At the end of September, ACC's board announced that it intended to make the scrip issue in addition to its Rs 20 per share dividend. The new shares would have counted for dividend payments next year and the company has indicated its intention to maintain the rate of payment.

However, the institutions which hold some 40 per cent of the company, opposed the issue, claiming that results were not good enough to support the dividend on the expanded capital.

ACC's profits in the year to July were halved to Rs 212m ($17.6m) despite a 21 per cent increase in turnover to Rs 6.08bn.

News of the company's plans to make the scrip issue with sizeable retained earnings it could probably maintain the dividend on the expanded capital without too much strain—plus the activity of major brokers acting on behalf of a non-resident Indian, helped push ACC's share price on the Bombay exchange to Rs 467 in mid-October from Rs 350 at the end of September.

However, once the financial institutions exercised their veto (according to loan agreements with ACC they have the right to approve share issues) the company's share price dropped back sharply to Rs 370 in late October.

ACC's board and the financial institutions are to fight out their differences at a shareholders meeting on December 19. In the meantime, those who bought the company's shares in the strong speculative market of late September and early October feel somewhat hard done by.

Gulf International Bank to boost capital

BAHRAIN — Gulf International Bank intends to raise its capital by some $190m before the middle of next year.

The paid-in capital of the bank, owned equally by the governments of Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, is currently $339.5m, with authorised capital of $530.5m.

The additional capital will be paid in two equal parts, the first tranche by the end of the year and the second by the middle of next year.

The capital increase is understood to be motivated by a desire to keep capital ratios at extremely conservative levels. With assets of $6.93bn on June 30 1984, the bank's capital to asset ratio was 20 to one.

Reuter

New chairman for Lonrho

Lord Duncan-Sandys, chairman of LONRHO, has decided to retire. He has become life president. Mr Edward du Cann has been appointed chairman of Lonrho. He has served as deputy chairman for the last 21 months, and has been a member of the board since 1972.

*

Mr Boris A. Nachamkin, senior vice-president, has been appointed senior banker for BANKERS TRUST in the Scandinavian countries. Based in London, he will continue to be responsible for the shipping industry.

*

CARTWRIGHT BRICE & CO. has appointed Mr Kevin O'Sullivan to the board. He was group general mangaer.

*

PANNELL KERR FORSTER has appointed Mr Charles Cox as a partner in the London office; and Mr Thomas Frost, as a partner in Manchester.

*

Mr D. F. Thompson, managing director of Rexel, and Mr S. S. McKay, managing director of Eastlight, have been appointed directors of OFREX GROUP in addition to their current responsibilities. Mr S. J. Loffler, marketing director of Rexel, has been appointed group marketing director of Ofrex Group. He will continue as director of Rexel. Ofrex Group is a wholly-owned subsidiary of Gallaher.

*

Mr J. M. Brougham and Mr B. T. Fisher, have been appointed to the board of BSR (UK). Mr Brougham joined BSR in March 1984, as UK operations executive. Mr Fisher joined BSR in November 1982, as UK group financial controller.

*

Mr D. H. C. Young becomes an assistant general manager, ROYAL REINSURANCE CO. early in 1985.

*

Mr Roy Haywood has been appointed group director responsible for new business development in the TERN GROUP. He set up Tern Southern for the South Wales-based construction group when he joined just under three years ago. Mr Tony Stephenson has taken over as managing director for Tern Southern.

*

Mr P. J. Bareau, currently general manager for Brazil, Lloyds Bank International, has been appointed general manager from January 1 in the group headquarters of LLOYDS BANK. He will have responsibility for strategic planning and organisational development.

*

Mr Jeremy Thompson, has been appointed to the board of MIRROR GROUP NEWSPAPERS as director of operations. He was previously deputy director, production and engineering.

*

CWS NON-FOOD GROUP CHIEF

Mr David Barker has been appointed general manager of CWS non-food manufacturing group, which has been expanded to take in more factories under the Society's control. The changes have been announced prior to the retirement of Mr Graham Watson, general manager of CWS footwear group. Mr Barker was previously operations manager for footwear group. In his new role, Mr Barker will take control of 11 factories. These include five footwear group factories as well as six clothing and textile factories, already operated by non-food manufacturing group. He will also be responsible for the CWS interest in the Taybank jute factory near Dundee.

*

Mr Charles Perrin, an executive director of Hambros Bank, has been appointed executive director of HARLAND AND WOLFF, Belfast.

*

BANK LEUMI (UK) has co-opted Mr Walter K. Goldsmith onto the board. He is chairman and chief executive of Korn/Ferry International, and served from 1979 to 1984 as director-general of the Institute of Directors.

EVANS OF LEEDS PLC

Property Investment Group

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 1984

	6 months to 30.9.84 £	6 months to 30.9.83 £
Gross rents receivable	3,170,165	3,019,912
Interest receivable	109,246	220,440
Other operating income	10,017	29,557
	3,289,428	3,269,909
Less interest charges and other expenses	1,279,024	1,442,180
Profit before taxation	2,010,404	1,827,729

Interim dividend of 1.375p (1.25p) per share payable on 10 January, 1985.

UK COMPANY NEWS

Dawson up £3.7m as acquisitions bear fruit

HELPED by a contribution of £2.5m from new acquisitions, the textile group Dawson International has pushed up its pre-tax profit from £8.94m to £12.64m in the half year ended September 30 1984. Shareholders benefit with an increase in their interim dividend from 2.4p to 2.6p net.

Demand for group products made from natural fibres remained high throughout the period. With vertical grouping of the companies, Dawson has benefited from the increased level of trading at the raw material processing and yarn spinning companies, in addition to achieving higher sales of knitwear sold under its brand names. These include Pringle of Scotland, Braemar and Ballantyne. Turnover rose from near £80m to £127.28m.

The half year's figures included Kammgarnspinnerei Wilhelmshaven of West Germany, purchased in July 1983 for £7m, and J. E. Morgan Knitting Mills of the U.S., acquired last June for around £30m. They contributed £33.55m to sales and £2.5m to profits before tax, net of funding costs.

For the full year Morgan is expected to improve upon the $9.4m profit of the previous year. It has a third of the American thermal underwear market, put at $150m a year, and the directors feel there is a "huge market" for these products—and one obvious area of expansion is Canada. They are examining the possibilities of launching the thermal range into the UK, although the market is "relatively small."

After tax of £4.94m (£2.84m), the net profit is £7.7m (£6.09m) for earnings of 8.9p (7p).

● comment

Despite caution over how much credit to take for the midyear results of its two overseas acquisitions, Dawson has still been able to report a solid advance in the half year to September. Even without the contribution of roughly £2.5m from the U.S. thermal underwear business (and a roughly breakeven performance from handknitting wool in the off-season in Germany) there would have been a very satisfactory increase in profit of about 13 per cent before tax. The acquisitions look like useful ways to employ Dawson's cash too, although the U.S. move could pay off more handsomely in the short term; it might take some while for a policy of increased branding in the knitting wool to produce the higher markins Dawson is looking for. All in all, and making allowances for a boost to exports and tourist shopping from a weakening pound, Dawson is doing pretty much what it needs to sustain the premium rating of its shares. At 258p, the prospective multiple of about 10 is well clear of the sector, and though it may be hard to see a lot of progress, the shares are unlikely to suffer from exposure.

Monier boosts Redland to £48.7m

WITH A substantially higher contribution coming from its Australian associate Redland saw its profits before tax surge by £8.8m to £48.7m in the six months to September 29 1984.

The interim dividend is being stepped up from 3.325p to 3.575p net per 25p share.

The associate, Monier, more than doubled its profits in the six months to June from a combination of a strong recovery of business in Australia and continuing buoyancy of its activities in the U.S. In Australia the company is still enjoying "excellent trading conditions."

The group's profits in the UK were also higher but figures from West Germany were close to the levels of the previous year.

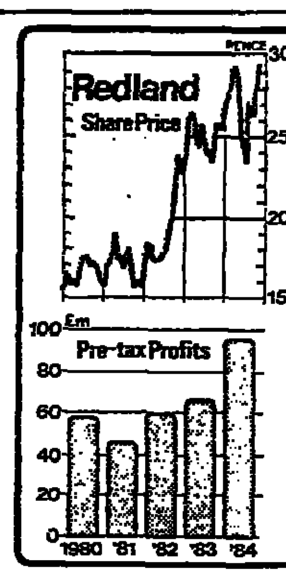
Profits before tax and interest in the UK rose by 14 per cent with all construction material divisions achieving improved results.

The miners' dispute affected the profits of Cawoods fuel distribution companies to a limited degree with profits slightly below the previous year's.

Although the group's rate of growth in the second six months is likely to be below that achieved in the opening half, the directors believe that, in the absence of exceptionally severe winter weather, profits will continue to advance during the remainder of the year and into next year.

They add that the group will benefit from substantial capital investment in its operations throughout the world.

Mr Colin Corness, the chairman of Redland . . . more profits growth ahead



Although there are now signs of a modest downturn in certain sectors of the UK construction industry, Redland's favourable geographic positioning, combined with the benefits of recent acquisitions and cost-saving investment, should make some further progress possible.

Mr Robert Napier, finance director, said the group was currently experiencing some fall in UK tile volume but was increasingly protected in profit terms by the introduction of more efficient plant.

He said Redland's particular strength in the South of England was sheltering it to some extent from the decline in construction activity, not least in the aggregates division where work on the M25 was providing valuable orders.

Group turnover for the first six months expanded from £539.5m to £576.5m—Redland supplies materials and services to the construction industry and also has interests in fuel distribution and UK oil and gas.

The group's share of associates' profits rose by £3.6m to £12.3m and profits from sales of land and property added £1.4m (£0.1m).

The attributable surplus emerged £4m higher at £27.3m after taking account of tax of £15.5m (£16m) and minorities of £2.9m (£2.7m).

Earnings per share amounted to 13p (11.1p).

The directors say that after a promising start to the year, activity in the construction sector in Germany slowed in the second quarter and left sales volumes and profits of Braas & Co. for the six months at similar levels to last year.

In the U.S. profits of Redland Worth Corporation continued to grow. Trading in West Germany and the U.S. in the second half is following the trend established during the first half.

It is pointed out that foreign currencies were translated into sterling at rates ruling at September 29 and that comparative figures reflected rates ruling at March 31 and have therefore been restated.

At the annual meeting in September group chairman Mr Colin Corness told shareholders that Monier's profits before tax jumped by 55 per cent in the year to June 1984 and that Redlands share of these at the then exchange rates was £13.5m, compared with £7.3m last year.

Last month Redland acquired Thomas Wragg and Sons, the holding company of Rosemary Brick & Tile, a Staffordshire-based manufacturer of clay roof tiles and bricks. The acquisition provided Redland with an entry into the clay roof tile market.

See Lex

Strong demand boosts Utd. Wire

THREE MAIN factors have helped boost pre-tax profits from £856,000 to £2.03m at United Wire Group for the year to September 29 1984. The principal factors were strong demand for the company's traditional products, the turnround of Seamark from a loss to a profit, as well as only seven months losses from Thule United U.S., which was sold last April.

The directors say they look forward to the coming year with confidence. All sections within the group, which makes nonferrous rod and wire, and paper machine wires and fabrics, all contributed to improved profits.

In the first half profits rose from £171,000 to £542,000. Turnover for the year rose from £18.26m to £19.53m.

Despite extraordinary debits of £532,000 this time, the directors consider the improvement in trading profits justifies an increase from 5.55p to 4.05p in the final dividend. This raises the total from 5.75p to 6.25p, with earnings per 25p share shown as up from 5.16p to 13.4p.

Extraordinary debits are unusually large, say the directors, due to £375,000 in costs on the disposal of Thule United U.S., the effect, amounting to £166,000 of the strength of the dollar on the sterling value of a dollar loan, and a provision of £262,000 for deferred tax.

Pre-tax profits were struck after interest charges of £365,000 (£523,000), and were subject to tax of £931,000 (£169,000).

Blackwood Canada in profit at £0.7m

Blackwood Hodge (Canada), a subsidiary of Blackwood Hodge the UK company which specialises in the sale and servicing of earthmoving and construction equipment, achieved pre-tax profits of C$1.05m (£0.66m) for the nine months ended September 30 1984. There were losses last time of C$3.26m (£2.05m).

Net earnings per share were shown as 43 cents, against a loss of 111 cents. There was no tax charge this time, compared with a tax credit of C$544,000.

Turnover moved ahead from C$63.51m to C$74.28m. For the year to end-December 1983 turnover fell by 14 per cent but an operating profit was maintained. Operating profits were turned into "major losses" after charging interest and providing for exceptional and extraordinary items.

Country Gentlemen's

Progress has been maintained by the Country Gentlemen's Association with pre-tax profits up from £120,537 to £132,129 for the half-year to end-September 1984.

Turnover of this Hertfordshire-based company, which acts as general agent, consultant and adviser to its members, moved ahead by £0.2m to £1.36m.

Habitat Mothercare up £2m and further development planned

PROFITS GROWTH at Habitat Mothercare continued through the 26 weeks ended September 29 1984 and Sir Terence Conran, the chairman, says good progress is being made throughout the group towards realisation of its considerable potential.

Pre-tax profits for the period advanced by 20 per cent to £12.63m. After eliminating the effect of property profits the increase was 26 per cent. Turnover reached £197.82m (£176.05m), excluding sales taxes.

The interim dividend is being stepped up from 2p to 2.4p net per 10p share to bring the two payments this year into better balance.

Sir Terence says the more mature companies continued to prosper and there has been further substantial development work in a number of other areas—Heal's, Now, Mothercare U.S. and Europe and particularly Richards.

The group, with interests in furniture, maternity and children's clothing, also established a large distribution centre for Conran's and completed the redevelopment of the Heal's building, housing all its retail activities and the key group design and financial functions which Sir Terence says are fundamental to the future development and expansion.

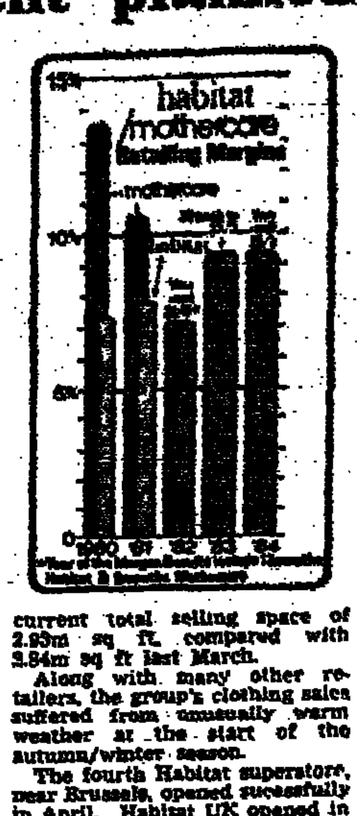
Trading profits for the opening 26 weeks pushed ahead from £13.23m to £16.02m. The pre-tax result was struck after deducting a £126,000 (nil) share of associates losses, net interest charges of £1.13m (£1.17m), interest on loan stock of £1.58m (£1.84m) and a £400,000 (£250,000) provision for employee share plan. Additions included property sales profits of £122,000 (£875,000).

Tax accounted for £891,000 more at £4.61m to leave the available balance at £8.02m, compared with £6.82m.

Earnings per share came through at 7.6p (6.3p) basic or at 6.8p (5.7p) fully diluted.

By the end of September the group had 745 outlets, comprising 81 Habitat, Heals and Conrans, 456 Mothercare and Now and 208 Richards.

The net increase was 13, primarily smaller sized Mothercare and Now units, making a



current total selling space of 2.93m sq ft compared with 2.84m sq ft last March.

Along with many other retailers, the group's clothing sales suffered from unusually warm weather at the start of the autumn/winter season.

The fourth Habitat superstore, near Brussels, opened successfully in April. Habitat UK opened in Chester during August.

Major renewal of the older Habitat stores in Paris was completed by September. The sale of Heal's second store at Guildford, was finished in October.

Steady expansion of Mothercare UK continues, with the number of redesigned stores now approaching 50. Development of Now is well under way and more than 20 stores are expected to be trading by March 1985.

The first new image store for Richards at Wood Green is the prototype for a major upgrade of store environment starting this coming spring. Results have so far exceeded expectations.

Sir Terence tells shareholders that "new design, marketing and buying teams are also in place, improvements in the merchandise are beginning to show through and everything is well on course for complete implementation by mid-1988 as originally planned."

See Lex

BT share dealing details

By Alison Hogan

DETAILS of the dealing arrangements for British Telecom shares were given yesterday by the Central Stock Payment Office of the Stock Exchange.

Dealings are expected to begin at 3.00 pm on Monday December 3. The trading floors in the UK will remain open until 6.00 pm that day for dealing in BT shares. No other business may be transacted on trading floors after 3.30 pm.

All dealings in BT shares on December 3, 4, 5 and 6 will be for deferred settlement on Monday December 10 1984.

Bargains in BT shares up to 6.00 pm will be deemed as business done for that day. After 6.00 pm, bargains will be for the following business day.

The office will issue a settlement information circular before dealings begin.

Glasgow stockholders

Glasgow Stockholders has placed £4m 11½ per cent debenture stock 2009 at £99.405 per £100 nominal. The proceeds of the issue will initially be invested in fixed interest securities or money market instruments.

600 Group turning the corner as midway profits reach £3.6m

IT APPEARS that the current year is proving to be the turning point for the 600 Group after four years of depression. While it is too soon to look for the resurgence of growth, a substantial improvement seems assured this year, says the chairman Sir Jack Wellings.

For the 28 weeks ended October 13 1984 Sir Jack reports a turnround from a loss of £349,000 to a profit of £3.67m, with a cut in interest charges and surplus on sale of properties accounting for £1.18m of the improvement. He looks to a steady increase in trading profits as the group benefits from improved conditions and from economies effected in recent years.

All divisions made profits, the improvement on the same period last year being particularly marked in the machine tool side. Scrap exports were high, and total exports were 37 per cent above last year at £34m, including much greater sales of manufactured products in the U.S.

Sir Jack tells members that the company can now "plan positively for the future." Order books are much improved, as is the financial position arising from the funds realised by the sale of the investment in Clausing Corporation (a substantial proportion is still held in cash in the U.S.), and the group has been released from some of the cutbacks and problems which have been the pattern during the recession of the past few years.

After the midway loss last year, the group finished with a profit of £3.84m (£3.29m) and held the dividend at 5.25p net.

For the first half of the current year turnover rose from £68m to £94m. The profit included £818,000 (nil) surplus on sale of properties and £557,000 (£603,000) related companies share, and was after depreciation £1.37m (£1.53m) and interest charges £764,000 (£1.13m).

Tax takes £1.38m (£407,000) to leave the net profit at £2.28m (loss £756,000) equal to 5p (loss 1.8p) per share, and the interim dividend is again 2.34p. There is an extraordinary credit of £5.51m comprising profit on sale of the investment in Clausing Corporation £6.28m, after tax charge £1.76m, less the cost of closure of an activity £770,000, after tax relief £121,000. Last year there was an extraordinary gain of £219,000 for the group and £101,000 for related companies.

During the half year, the group purchased for £350,000 a 50 per cent interest in a West German band saw manufacturer, Meba Maschinenbau.

● comment

Strong volume growth in the scrap metal market and a U.S.-led revival in machine tool demand confirms that The 600 Group is pulling convincingly out of the trough, even if prices are still on a plateau. For the first time in three years the dividend is covered by earnings, and the group even feels confident enough to take in the £5.5m gain from the disposal of its Clausing stake below the line. Property disposals, the group promises, will henceforth dwindle as trading profits grow. Meanwhile, the £350,000 MEBA acquisition provides a small indication that 600 has moved from a defensive to an aggressive stance, with plans to make further acquisitions outside the general engineering industries which proved such a burden in the last recession. The upturn is slow, but more solidly based than previous recoveries, suggesting that around £7.5m pre-tax should be in reach for the year. The shares gained 6p to 94p, 9.5 times prospective earnings after a 40 per cent tax charge, for an 8 per cent yield, assuming an unchanged dividend.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bassett-Foods ....int.	1.68	Feb. 4	1.05	—	5.6
Thomas Borthwick	0.5	¶	0.01	0.5	0.01
James Burrough ...int.	3‖	Dec. 17	3	—	9.8
CPI Holdings 2nd int.	5**	—	5	8	6
Dawson Intl. ....int.	2.6	Jan. 21	2.4	—	7.3
Habitat Mothercare int.	2.4	Feb. 15	2	—	6.5
Hargreaves Group ...int.	2	—	1.75	—	4
R. Kelvin Watson ...int.	1.3	Feb. 1	1.3	—	4.25
Redland ....int.	3.58†	Jan. 28	3.33	—	9.5
R. Bank Scotland	5.2	Jan. 21	4.4	8.5	7.4
Scapa Group ....int.	3.7	Jan. 18	3.15	—	9.15
600 Group ....int.	2.34	Jan. 18	2.34	—	5.25
Utd. Wire Group	4.05	Jan. 18	3.55	6.25	5.75

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ 0.25p will be paid on Dec 31 and 0.25p on Feb 25. ‖ Over the counter stock. ** Irish pence throughout.

City of Edinburgh Life makes debut with trust bond

SCOTLAND'S FIRST unit-linked life company, City of Edinburgh Life Assurance, yesterday made its first public appearance with the launch of its initial life product the Ivory and Sime Investment Trust Bond.

The company was formed in May 1984 with a paid up capital of £500,000 spread over several financial institutions, the Edinburgh Financial Trust being the largest shareholder with 28 per cent. Other shareholders include Ivory and Sime with 10 per cent, Montagu Investment Management, Murray Johnstone, Royal Trust of Canada and clients of SG Warburg.

Mr Alastair Robertson, the chief executive of City of Edinburgh, a former general manager of Scottish Equitable Life, claimed that the traditional Scottish life companies had come into the unit-linked market rather late and had followed the standard pattern o fthe established linked life companies.

The aim of the new company was to produce specialised investment funds with a definite investment purpose, aimed at the higher rate tax payer, rather than follow the standard format. Thus the company's first product was a single premium bond investing in the 10 investment trusts in the Ivory and Sime stable.

The investment managers to the company are Stanecastle Assets, an investment management company in which Edinburgh Financial Trust has a 40 per cent shareholding. The managers intend actively to manage the fund, switching between the various investment trusts aiming for those with above average potential growth.

A second specialist fund is scheduled for the spring of 1985. The company's entry into the regular premium and the pensions market is likely to be sometime in the future.

Mr Robertson stated that there was ample resources to finance expansion. The long-term plans of the company were to widen the shareholding and ultimately to seek a public quotation.

BASE LENDING RATES

A.B.N. Bank 9½%	■ Hill Samuel ....§ 9½%
Allied Irish Bank 9½%	C. Hoare & Co. ....† 9½%
Amro Bank 9½%	Hongkong & Shanghai 9½%
Henry Ansbacher 9½%	Johnson Matthey Bkrs. 9½%
Armco Trust Ltd. ...... 11 %	Knowsley & Co. Ltd.... 10½%
Associates Cap. Corp.... 10½%	Lloyds Bank 9½%
Banco de Bilbao 9½%	Mallinhall Limited...... 10 %
Bank Hapoalim 9½%	Edward Manson & Co. 11 %
BCCI 9½%	Meghraj and Sons Ltd. 9½%
Bank of Ireland 9½%	Midland Bank 9½%
Bank of Cyprus 9½%	■ Morgan Grenfell 9½%
Bank of India .... 10 %	National Bk. of Kuwait 9½%
Bank of Scotland 9½%	National Girobank ... 9½%
Banque Belge Ltd...... 9½%	National Westminster 9½%
Barclays Bank 9½%	Norwich Gen. Tst. 9½%
Beneficial Trust Ltd.... 10½%	People's Tst. & Sv. Ltd. 10½%
Brit. Bank of Mid. East 9½%	R. Raphael & Sons...... 9½%
■ Brown Shipley 9½%	P. S. Refson 9½%
CL Bank Nederland ... 9½%	Roxburghe Guarantee 10 %
Canada Perm'n't Trust 9½%	Royal Bk. of Scotland 9½%
Cayzer Ltd. 9½%	Royal Trust Co. Canada 9½%
Cedar Holdings ...... 11 %	■ J Henry Schroder Wagg 9½%
■ Charterhouse Japhet... 9½%	Standard Chartered ... ‖9½%
Choulartons 11½%	Trade Dev. Bank 9½%
Citibank NA 9½%	TCB 9½%
Citibank Savings ......¶11½%	Trustee Savings Bank 9½%
Clydesdale Bank 9½%	United Bank of Kuwait 9½%
C. E. Coates & Co. Ltd. 11 %	United Mizrahi Bank... 9½%
Comm. Bk. N. East ... 9½%	Westpac Banking Corp. 9½%
Consolidated Credits... 10½%	Whiteaway Laidlaw ... 10½%
Co-operative Bank *9½%	Williams & Glyn's 9½%
The Cyprus Popular Bk. 9½%	Wintrust Secs. Ltd. ... 9½%
Dunbar & Co. Ltd. ... 9½%	Yorkshire Bank 9½%
Duncan Lawrie 9½%	■ Members of the Accepting Houses Committee.
E. T. Trust .... 11 %	* 7-day deposits 6.25%, 1 month 7.00%. Fixed rate 12 months £2,500 8.75% £10,000, 12 months 9.00%.
Exeter Trust Ltd. ...... 10 %	† 7-day deposits on sums of under £10,000 6¾%. £10,000 up to £50,000 7¼%. £50,000 and over 8%.
First Nat. Fin. Corp. ... 12½%	‡ Call deposits £1,000 and over 6¾%.
First Nat. Secs. Ltd.... 12 %	‖ 21-day deposits over £1,000 7¼%.
■ Robert Fleming & Co. 9½%	§ Demand deposits 6%.
Robert Fraser & Ptns. 10 %	¶ Mortgage base rate.
Grindlays Bank ....‡ 9½%	
■ Guinness Mahon 9½%	
■ Hambros Bank 9½%	
Heritable & Gen. Trust 9½%	

Budget costs Royal Bank £178m

A RECORD year was experienced by the Royal Bank of Scotland Group with pre-tax profits advancing by 37 per cent to £131.3m, but Sir Michael Herries, chairman, warns that 1984-85 "is not going to be an easy year," because of the introduction of composite rate tax for banks.

Changes in rates of corporation tax and capital allowances stemming from this year's Finance Act brought about an extraordinary provision of £177.7m in the year under review, which was matched by a transfer from reserves.

The result for the 12 months to September 30, 1984 was struck after a £38.5m, against £39.8m, provision for bad and doubtful debts, which Sir Michael hopes will continue to fall. He reals that the group's total exposure ot Third World countries with debt problems amounted to only £200m.

Shareholders are set to receive a final dividend of 5.2p, lifting the total payment by 15 per cent from 7.4p to 8.5p. Dividends are covered 3.8 (5.7) times by stated earnings per shareof 32p (42.1p) after exceptional items.

But they are told by Sir Michael that "the increase in profit will not be anything like the size of this year. However, by 1986 some of the benefits of the proposed merger of the Royal Bank and Williams and Glyn's should become apparent through the realisation of surplus properties," he says.

Shareholders' funds at the year end amounted to £696.4m, some 13 per cent down on the £801.1m shown a year earlier.

Commenting on the results, Sir Michael says that all areas of Royal's business contributed to the result. Domestic banking, he says, was the major contributor providing 54 per cent of the total.

Earnings from commissions and fees continued to show a good increase with a 22 per cent rise, reflecting increased volumes and the introduction of revised tariffs in certain areas.

There was an 11 per cent increase in the total number of current accounts. A large proportion of this rise was, Sir Michael says, due to the decision to offer free banking throughout the group for personal accounts in credit.

Costs rose by only 5 per cent. Total expenses for the year amounted to £284.3m (£271.2m) with £170.8m (£165.6m) attributable to staff costs and the remainder virtually equally divided between premises and equipment (including depreciation) and other expenses.

The pre-tax return on average shareholders' funds was 17.5 per cent (12.5 per cent) and the return on average total assets improved from 0.94 per cent to 1.07 per cent.

Operating profits amounted to £159.3m (£111.1m). The Royal Bank and its subsidiaries and associates generated £80.8m (£56.5m) and Williams and Glyn's £79m (£55.1m).

A bill for the merger of the two banks was introduced into Parliament earlier this week, and Royal Assent is expected next summer. The merged entity, which will start operations on October 1 1985, will conduct its clearing both through London and Edinburgh.

Total interest on loan capital came to £28m (£15.6m). Tax took £58.3m (£14.9m), and was reduced by £5.3m (£12.9m) as a result of accelerated capital allowances in respect of equipment used in the business. Due to rollover relief no taxation was provided in respect of profit on sales of premises, which amounted to £3.2m (£8.9m).

The £177.7m extraordinary provision broke down as to deferred tax £102.9m, provision for tax variations on leased assets £42.6m, and share of associate companies £32.2m.

Attributable profits, after extraordinaries, came out at £97.5m (£93.5m). Dividends will take £19.3m (£16.7m), giving a retained balance of £78.2m (£76.8m).

Average base rate over the period was 9.4 per cent, down from 10 per cent. The average margin between base rate and retail deposit rate was 3.4 per cent (3.3 per cent).

Capital resources at the year end stood at £969.6m (£977.6m). Total deposits totalled £11.88bn (£9.7bn), total advances £8.56bn (£7.54bn), and total assets £13.39bn (£11.08bn).

The free equity ratio (shareholders' funds less fixed assets as a percentage of deposits) was 2.5 per cent (3.3 per cent). The free capital ratio (free equity plus loan capital as a percentage of deposits) was 4.8 per cent (5.1 per cent).

An analysis of sterling deposits shows that 22 per cent (24 per cent) was attributable to current, 21 per cent (25 per cent) to retail, and the remainder to wholesale.

See Lex

Strong second half lifts Borthwick to £4m

ACTIONS TAKEN by Thomas Borthwick & Sons to increase profitability showed through in the second six months and enabled the group to recoup the first half loss and improve on the previous year's results.

For the full year to September 30 1984 pre-tax profits moved ahead from £3.8m to £4.19m and the dividend is being stepped up from a nominal 0.01p to 0.5p net per 10p share.

The dividend will be paid as an interim of 0.25p next month in order to maintain trustee status and as a final of 0.25p next *February*.

Turnover of the group, an international meat trader, edged ahead from £539.86m to £541.79m.

The directors say that better conditions in New Zealand were assisted by the devaluation of that country's dollar.

In the UK all manufacturing divisions returned improved profits. The wool division had an "excellent" year.

Retailing continued to be difficult although Boucheries Bernard, with strict control over costs and operations, returned to profit. Matthews (Butchers) remained in profit although lower than 1983.

Shortages of livestock in Australia arising from adverse weather conditions continued, prolonging the period of losses in this division. "Determined action" however, is being taken to overcome the problems.

Borowings, at £56.4m, were contained within budgeting levels in spite of high capital expenditure in New Zealand as a result of EEC requirements, the late finish of the 1983-84 season in that country and general price inflation.

Tax for the year under review rose from £86,000 to £2.08m and minorities amounted to £376,000 (book £32,000).

Earnings per share emerged at 3.4p, against a previous 7.3p.

At the time of the half-year results prospects for the full year were "uncertain." The group plunged £888,000 into the red for the six months, compared with previous profits of £3.09m, and the directors thought it unlikely that group operations in the second half could restore profits for the year to the level of those for 1982-83.

● comment

Borthwick's turnround from an 888,000 loss in the first half to a £5m pre-tax profit in the second bears testimony to thevolatility of the meat trade and owes something to currency gains. But to be fair to the management, internal action had a hand in it as well. Cost cutting and more aggressive marketing has brought Boucheries Bernard into the black, while the New Zealand and UK divisions have been diversifying away from *commodity meat products into* higher margin processed items, with the result that group margins have almost doubled—to an admittedly breathtakingly slim—0.8 per cent. A leap in the tax charges due to a higher incidence of profits in areas like New Zealand and France (where *Borthwick* has run out of tax losses) and a £376,000 minority charge have turned a 10 per cent year-on-year increase in taxable profits into a 53 per cent decline in earnings. After a 3p rise to 27p, the shares ended the day unchanged at 24p, 6.9 times historic earnings.

Rolfe & Nolan sales static

SALES OF the USM quoted, Rolfe & Nolan Computer Services, were static at £1.26m in the six months to August 31, 1984, while pre-tax profits fell from £283,000 to £210,000.

The lack of sales growth and shortfall in profit resulted from the commodity accounting service and was due to the combination of slack trading conditions in commodity markets and the slower than anticipated introduction of the new Commodity Futures Accounting system.

The directors say that unless the level of commodity market activity improves significantly during the remainder of the year, it is unlikely that the outcome for the full year will match last year's record £571,000.

However, they continue to view future prospects with considerable confidence.

Tax for the half-year was £84,000 (£113,000 giving a net balance of £126,000, against £170,000. Earnings per 10p share fell from 6.8p to 5p. As usual, there is no interim dividend.

The company announces that it has agreed to acquire from Associated Computer and Financial Services, the entire share capital of Reedbaron, a supplier of computer services, principally based on the "TRACS" system, to commodity brokers.

The cash consideration of £95,000 will be paid on completion.

Beefeater little changed

AFTER MORE than doubling profits over the last two years, the current year is one of consolidation for James Burrough, distiller of Beefeater gin, Borzoi vodka and Burrough's English vodka.

Pre-tax profits for the six months to August 31 1984 showed a small increase from £3.98m, to £4.04m, on turnover, including duty, of £27.9m, against £24.13m.

Some of the company's costs are dollar related and as a result have risen faster than anticipated. In spite of this, it hopes to maintain the record level of £7.79m profits achieved last year.

All areas of the company—alcoholic beverages, fine alcohols, high quality gifts and food and export trading—are performing satisfactorily.

After tax and minorities, profits for the half year increased from £1.89m to £2.21m. Earnings per 25p share rose by 2p to 15.7p and the first interim dividend is maintained at 3p net

BANK RETURN

BANKING DEPARTMENT

	Wednesday November 28 1984	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	95,859,886	− 1,562,485
Bankers Deposits	1,155,717,158	+ 384,266,808
Reserve and other Accounts	1,571,893,301	+ 75,028,654
	2,838,023,345	+ 457,733,031
Assets		
Government Securities	372,591,951	− 129,424,814
Advance & other Accounts	1,055,048,567	+ 321,251,702
Premises Equipment & other Secs.	1,396,576,317	+ 257,615,582
Notes	13,158,952	+ 7,794,355
Coin	147,648	− 8,794
	2,838,023,345	+ 457,733,031

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes issued	12,180,000,000	+ 190,000,000
In circulation	12,166,841,048	+ 182,205,645
In Banking Department	13,158,952	+ 7,794,355
Assets		
Government Debt	11,015,100	—
Other Government Securities	2,272,186,257	+ 1,033,097,800
Other Securities	9,896,798,633	− 843,097,800
	12,180,000,000	+ 190,000,000

Anglovaal Group

DECLARATION OF ORDINARY AND PARTICIPATING PREFERENCE DIVIDENDS

Dividends have been declared payable to holders of ordinary and participating preference shares registered in the books of the undermentioned companies at the close of business as shown. The dividends have been declared in the currency of the Republic of South Africa and payments from London (in the case of companies which have London Secretaries) will be made in United Kingdom currency. The date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be the date as shown or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or office of the London Secretaries of the companies. Warrants in payment of the dividends will be posted on or about the dates as shown. The Transfer Books and Registers of members of the companies in Johannesburg and London will be closed during the periods as shown. All companies mentioned are incorporated in the Republic of South Africa.

Name of Company	Class of Share	Last Date for Registration	Date of Currency Conversion	Transfer Books and Registers Closed (Both days inclusive) From	To	Warrants posted on	Note	Dividend Declared No.	Cents per Share
INTERIM DIVIDENDS—YEAR ENDING 30 JUNE 1985									
Anglovaal Limited	Ord. & 'A' Ord.	28.12.84	7.1.85	29.12.84	4.1.85	1.2.85		78	100
	Part. Pref.	28.12.84	7.1.85	29.12.84	4.1.85	1.2.85	1	81	55
Eastern Transvaal Consolidated Mines Ltd.	Ord.	28.12.84	7.1.85	29.12.84	4.1.85	1.2.85		69	75
Hartebeestfontein Gold Mining Company Ltd.	Ord.	28.12.84	7.1.85	29.12.84	4.1.85	1.2.85		58	32.5
Middle Witwatersrand (Western Areas) Ltd.	Ord.	4.1.85	14.1.85	5.1.85	11.1.85	8.2.85		65	45
Zandpan Gold Mining Company Ltd.	Ord.	4.1.85	14.1.85	5.1.85	11.1.85	8.2.85	2	25	55
FINAL DIVIDEND—YEAR ENDING 31 DECEMBER 1984									
Consolidated Murchison Ltd.	Ord.	—	—	—	—	—	3	—	—

1. Being 5 cents in respect of the fixed rate of 5% per annum for the half-year ending 31 December 1984 and 50 cents being a 50% participation in the interim dividend of 100 cents declared on the ordinary and 'A' ordinary shares.
2. The subdivision of the Company's shares will be considered at a meeting of members today. If approved, the dividend will amount to 5.5 cents per share on the subdivided shares.
3. The declaration of a final dividend for Consolidated Murchison Limited will be considered at a Board Meeting to be held during the latter half of December 1984.

By Order of the Boards
Anglovaal Limited
Secretaries
per: E. G. D. Gordon

Registered Office
Anglovaal House
56 Main Street
Johannesburg 2001

London Secretaries
Anglo-Transvaal Trustees Limited
295 Regent Street
London W1R 8ST

29 November 1984

Bassett on target and makes £2m acquisition

IN EXCHANGE for 1.47m shares with a value of £2.3m, Bassett Foods has acquired Ernest Jackson and Co., a Devon-based manufacturer of pastilles and lozenges. This is disclosed in the interim statement from Bassett which shows it has reached its forecast with profits before tax of £1.52m, compared with £1.02m in the 28 weeks ended October 14 1983.

The forecast was made in the successful defence from the bid by Avana Group. A dividend total up from 5.6p to not less than 6.72p was also promised, and the directors are raising the current interim from 1.05p to 1.68p. The shares issued against the Ernest Jackson acquisition rank for this payment.

Ernest Jackson supplies individual pharmacies, multiple retail chemists and drug stores with its own manufactured products, the best known being Throaties, and with products of third parties. Additionally, it makes a wide range of pastilles for other companies. In the year ended June 30 1984 Jackson made profits of £330,000 before tax, and its net assets at that date were £1.06m.

Mr Bev Stokes, the Bassett chairman, says the acquisition fits in well with the group's plans to extend its range of confectionery, and will give it access to the retail chemists currently supplied by Jackson.

Bassett group sales showed little change at £35.74m (£35.48m) in the 28 weeks. In the UK they improved by 6.5 per cent, with a strong performance in September mitigating most of the effects of the long hot summer. Particularly encouraging for the group has been the sales of gums and jellies, the growth market to which most of its recent capital expenditure has ben put. Trading profit in the UK was £1.64m (£1.18m).

An improvement in the performance of the overseas manufacturing companies, De Faam in Holland and Rouger in France, continues. De Faam started the year well with a £1m export order to the U.S. while Rouger has been restored to profitable trading following its reorganisation, the costs of which are reflected as an extraordinary charge of £102,000.

On October 23, Bassett entered into an agreement with the managing director of its Swedish selling and distribution company for the sale to him of Bassett Svenska for £380,000.

● comment

Bassett just managed to beat the £1.5m pre-tax profit forecast made at the time of the unwelcome Avana bid. The result is indeed better than it looks since the group had to contend with a number of unexpected factors—the miners' strike, a long hot summer, higher interest rates and a fall in the pound putting up sugar costs. Now Bassett's attention is focussed on building up its health foods business, transformed by the acquisition *of Earnest Jackson. Jackson* opens up a new market for Bassett in retail chemists' shops and Bassett brings to Jackson its own extensive distribution network in the UK and abroad. The acquisition increases Bassett equity by about 12 per cent, but it looks a good buy *on an estimated purrchase multiple* of about 12. With the help of Jackson, current year profits should reach £3.2m pre-tax putting the share at 158p, up 3p on a prospective p/e of 8½, assuming a 20 per cent tax charge—a slight discount to a highly-rated sector but one *which might be eroded if the* health foods strategy is a success.

Kelvin Watson

A DISAPPOINTING first half at R. Kelvin Watson, optician, *has continued the decline shown* at the last year end. The directors say it is not possible to predict the outcome for the full year since much will depend on the level of sales during the traditionally busy period in February and March.

Pre-tax profits fell from £232,000 to £182,000 for the six months to the end of September 1984, following a fall of £227,000 to £805,000 for the full year.

Trading conditions have continued to be uncertain because of the change in emphasis towards National Health spectacles and a general trading down by *the public in the private frame* sector.

The interim dividend has been held at 1.3p. In the last full year a total of 4.25p was paid.

Celestion

Celestion Industries maker and distributor of sound reproduction equipment and clothing, cut pre-tax losses from £384,000 to £11,000 in the half year to September 30, 1984. Turnover of this supplier to Marks and Spencer, rose from £14.8m to £15.65m.

The Group normally achieves a higher turnover in the second half and the directors therefore expect an improvement in the year-end result. In the 12 months ended March 31, 1984, Celestion swung round from a £610,000 loss to a £466,000 pre-tax profit.

At the operating level, the group made a profit of £268,000, *against a £61,000 loss, in the six* months. Interest charges amounted to £359,000 (£399,000), but dividends from quoted investments added £80,000 (£76,000).

After tax credits of £24,000 (£91,000) earnings per 20p share were 0.1p (1.2p losses).

LADBROKE INDEX
Based on FT Index
920-924 (−1)
Tel: 01-427 4411

North American interests boost Scapa to £12.4m

SHARPLY HIGHER contributions from its North American *operations enabled* the Scapa Group to lift profits before tax by £4.69m in the half-year to September 30 1984.

Trading in all areas was buoyant for the whole period and the directors believe these conditions will continue for the remainder of the year.

They add that profits for the second six months will be greater than the £12.39m (£7.7m) pre-tax returned for the opening half. In the last full year pre-tax profits came to £18.89m.

The interim dividend is being increased by 0.55p to 3.7p net per 25p share on the back of an 8.3p rise in earnings to 19.9p.

Turnover advanced from £56.44m to £75.46m and operating profits totalled £14.23m, against a previous £8.95m—the group manufactures paper-machine and other industrial felts and cloths, filter fabrics and waste disposal units.

Operating profits were made up as to UK £2.05m (£1.27m), North America £10.59m (£6.86m) and other countries £1.6m (£826,000).

Net interest charges increased to £1.84m (£1.25m), tax to £5.88m *(£3.92m) and minorities* to £100,000 (£75,000).

● comment

Scapa is bounding ahead — and yet the market is still unsure what to make of this relatively small Lancashire-based paper product company whose home-*based recovery is more than* matched by an impressive push into the North American market. Even after taking into account the windfall profits from a strong dollar — and these could have pitched in around £1.5m to these *first-half results — the underlying* growth is clear justification for the strategy of UK rationalisation coupled with the heavy investment and acquisition programme. In the U.S. capacity problems have now largely been solved with the new wet felt plant and there are plans to increase industrial roll output. In the UK, where demand is slowly recovering, there is still a strong element of exports business to Europe and the old Commonwealth countries. The new acquisitions have performed well, too. At this rate Scapa should have a clear run to at least £27m this year. At this level the prospective p/e after tax at 45 per cent is an undemanding 8.7 at 390p, up 32p.

New look Hargreaves lifts profit nearly £1m

A SIGNIFICANT improvement in results for the half year to September 30 1984 has been achieved by the Hargreaves Group, with the profit before tax rising from £1.9m to £2.82m. The second half has started well, the directors report.

The improvement follows the reorganisation, management development and acquisitions which have taken place over the past two years. It demonstrates the benefits of the strategy designed to achieve growth and to secure resilience to withstand adverse trading conditions in any one operating sector.

The second half of last year produced £1.62m for a year's figure of £3.52m (£4.84m). The dividend total was held at 4p net per share, but the current interim is being pushed up from 1.75p to 2p.

Turnover for the period moved ahead to £117.34 (£86.29m) from which a trading profit of £3.33m (£2.1m) was earned. At the pre-tax level, energy, transport and shipping services lifted its contribution by nearly £1m to £2.15m, while a £272,000 drop to £668,000 in environment and con*struction materials was almost* offset by a turnround from a £215,000 loss to a £9,000 profit in commercial vehicle distribution.

Tax takes £850,000 (£480,000) and minorities this time £38,000, to leave the attributable profit at £1.93m (£1.42m) for earnings of 5.5p (4p) per share. Last year there were extraordinary credits of £336,000.

Steinberg profits hit by Alexon

Poor trading by Alexon hit first half pre-tax profits at Steinberg Group, clothing manufacturer, following record results in the alst full year. Profits fell from £1.37m for the comparable 27 weeks to £757,000 for the 26 weeks to September 29, 1984. Turnover amounted to £23.16m against £22.51m.

The directors say that management changes have been made at Alexon. At Claremont, contract manufacturing for Marks & Spencer has been satisfactory, although margins are under pressure. Initial costs of the Hornsea acquisition have been absorbed.

The interim dividend has been held at 1p—last year there was aslo a final of 1.2p. First half earnings per share were given as 2.5p (7.14p restated).

BEECHAM GROUP p.l.c.

Interim Statement 1984/85

Review of the Half Year

Mr. Ronald Halstead, C.B.E., Chairman and Chief Executive

The Group continued to achieve a healthy rate of growth in the first six months of the current financial year. At £142·8m the pre-tax profit was 12·1 per cent higher than in the corresponding period of 1983/84, and sales increased by 14·3 per cent to £1,087·0m.

The most important event of the half year was the successful launch in the United States in September of Augmentin, the Beecham compound which is a potent new weapon in the struggle against the growing worldwide problem of bacterial resistance to antibiotics. In its first two and a half months of availability American doctors wrote more than 300,000 prescriptions for Augmentin.

Beecham Pharmaceuticals also made good progress with its established businesses in both the U.S.A. and Continental Europe. This helped to offset the continuing effects of last year's compulsory price reductions in Japan and a drop in U.K. exports, which was due partly to fluctuations in tender business in certain countries and partly to Nigeria's economic difficulties. Expenditure on pharmaceutical research and development, which is concentrated mainly in the U.K., continued to increase.

The consumer products business was buoyant in nearly every major market, with particularly strong performances being achieved by the Western Hemisphere proprietaries operations, the Food and Drink Division in the U.K. and the International Division in the Middle East. The cosmetics business in the United States began to expand again after two difficult years, and the companies we have acquired to form the new home improvement products business came fully up to expectations.

Unaudited trading results

	Half year ended 30 September 1984 £m	1983 (restated) £m	Increase %
Turnover	1,087·0	950·8	14·3
Profit before interest and taxation	152·8	135·8	12·5
Interest	(10·0)	(8·4)	
Profit before taxation	142·8	127·4	12·1
Taxation	(62·7)	(50·1)	
Profit after taxation	80·1	77·3	3·6
Minority interests	(0·4)	(0·3)	
Profit attributable to shareholders	79·7	77·0	3·5
Earnings per ordinary share:			
Net basis	11·06p	11·13p	
Nil dividend basis	12·11p	11·70p	

Profit and other items all arose from ordinary activities of the Group.

Interim dividend
The directors have declared an interim dividend of 5·1p per ordinary share (1983/84 4·6p) totalling £36·8m (1983/84 £33·1m). The payment date will be 1 February 1985 and the record date 20 December 1984.

Currency exchange rates
In accordance with the Group's normal practice at the interim stage, the results of overseas companies for the half year ended 30 September 1984 have been translated into sterling at the rates of exchange ruling at 31 March 1984 except for the results of companies in Brazil and Mexico which have been translated into sterling at 30 September 1984 rates of exchange. If the rates of exchange at 30 September 1984 had been applied to the interim results for 1984/85 of all overseas companies, turnover would have increased by £56·6m and profit before taxation by £7·7m. *The results of all overseas companies for the corresponding period of the previous year have been restated at 31 March 1984 rates of exchange.*

Acquisitions
In April 1984 the Group completed the acquisition of Dr. Lo. Zambeletti S.p.A. and Roberts Consolidated Industries, Inc. These and other minor acquisitions have been paid for in cash and have increased interest costs in the half-year to 30 September 1984 by approximately £6·4m. As a result of these acquisitions turnover in the half year to 30 September 1984 has increased by £59·8m and it is estimated that their profit contribution more than covered the associated financing costs.

27 November 1984

BTG sells Monotype holding for £3.7m

By Alexander Nicoll

The British Technology Group (BTG), the government's industrial holding company which took over the National Enterprise Board, is selling one of its largest remaining investments, a 40 per cent holding in Monotype, to eight institutional investors for £3.7m.

The move represents a further stage on the road to recovery for Montoype, a manufacturer of typesetting equipment including the laser-based "Lasercomp."

Montype became embroiled in financial troubles after being taken over in1973 by Grendon Trust, which became a vehicle for Mr Christopher Selmes, the financier. Lack of adequate backing and high development costs produced growing losses, and the company was rescued in 1978 bythe NEB and Barclays Bank.

The two each took a 37.5 per cent stake and injected up to £3.5m. But three years later Monotype was still making losses and they injected a total of £3m more to help in the development of Lasercomp, a phototypesetting machine.

By last year, Monotype was profitable, and the NEB and Barclays again reconstructed the company, bringing in Drayton Consolidated Trust, Electra Investment Trust and Grosvenor Development Capital, as 20 per cent shareholders with a £500,000 investment each.

The sale of the NEB holding was arranged by Brown Goldie, the financial services arm of the Abaco Investments group, Abaco and a venture capital subsidiary are two of the new investors, who also incdlude the venture capital units of the Coal Board, Foreig and Colonial and Prudential.

BAT pays £99m for Imasco stake

BY ROBERT GIBBENS IN MONTREAL

BAT Industries is paying £99m for a 4 per cent stake in Imasco, one of Canada's leading tobacco products, fast food and retailing groups.

With BAT already holding a 40 per cent interest indirectly in Imasco the acquisition of new stock in the company will lift this interest to 44 per cent.

Having raised £180m from the sale of its International Stores supermarkets subsidiary in the UK to Dee Corporation last week, BAT is buying 3.4m new Imasco treasury shares at C$46.25m per share through its U.S. subsidiary, Batus Investments.

The price represents a premium of $1 per share over the closing price of Imasco's common shares on November 27 on the Canadian stock exchange.

The funds will be used by Imasco to increase its equity and enable it to make further acquisitions. The company recently expanded into U.S. drug store operations in a takeover worth nearly $100m. Its policy is to look for another acquisition in the merchandising area, if possible in Canada.

Imasco owns Hardee's Food Systems, a U.S. chain of 2,300 fast service restaurants, and Peoples Drug Stores also in the U.S. which recently acquired Rea and Derick, a Pennsylvania drug store chain for around C$110m.

Peoples now has an annual turnover of around C$1.25bn and Hardee's total sales are around the same. This means that Omasco now has three major legs to its total business—one-third in tobacco products, one-third fast food and one-third drug stores. Several food processing and retailing subsidiaries were sold off last year.

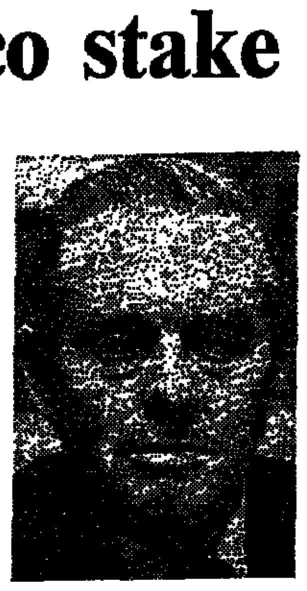
In the summer of 1983 Imasco unsuccessfully tried to buy Canadian Tire Corporation, a national merchandising chain selling car equipment and hardware and sports gear.

The acquisition of Peoples Drug came shortly after this for about $600m. Canadian Tire would have cost Imasco well over $1bn.

Imasco has said it seeks a fourth leg, probably in the merchandising field and if possible in Canada. The company agreed some time ago with the Liberal government in Ottawa that the holding of BAT Industries would be reduced to around 40 per cent. This was achieved early in 1984 and the company is now regarded as a Canadian entity with full Canadian management and control.

However, BAT said that from time to time its equity interest in Imasco would rise to more than 40 per cent temporarily. BAT is acquiring the extra 4 per cent equity stake in Imasco because the timing appears right for such an investment.

In the six months ended September 30 1984 Imasco had total revenues of $2bn (£1.26bn) and net earnings of $113.9m or $2.23 a share, against sales of $1.4bn and earnings of $96.7m or $1.89 a share a year earlier.



Mr Patrick Sheehy, chairman of BAT

S&N £22m bid for Moray Maltings

By Lisa Wood

Scottish & Newcastle Breweries has made an agreed £22.1m bid for Moray Firth Maltings, the USM malt manufacturer.

Earlier this year S. & N. increased its holding in Moray Firth to 29.34 per cent from 4.23 per cent in a move which came as a surprise to the Moray board.

Moray, an Inverness-based producer of malt and agricultural products came to the USM last December with a placing of 7 per cent of its shares at 195p each.

S. & N. is offering 11 shares for every four Moray shares which, taking S. & N. at 130p, values Moray at 357½p against a closing price of 345p, up 5p. A cash alternative of 350p per share will be provided.

In 1983 Moray's turnover was £31.8m and profit before tax was £2m. For the half year to June 30 1984 turnover was £14.1m and profit before tax was £1.1m.

The company is one of the leading manufacturers of malt for the Scotch whisky and brewing industries and has established export markets for both brewing and distilling malt in Europe, Africa and the Far East. It also has strong links with farming and two subsidiaries are involved in agricultural merchanting.

S & N, which is mainly involved in the brewing industry, but also has substantial interests in hotels through its Thistle chain, said the acquisition would provide long-term security of supply of a principal raw material.

The group, with pre-tax profits of £55.2m in the year ended April 29, 1984, was thwarted this year in its attempts to buy J. W. Cameron, the Hartlepool-based "Strongarm" brewer after the acquisition was referred to the Monopolies & Mergers Commission.

Mr Alick Rankin, the group's chief executive, said yesterday that the acquisition of Moray Firth was not an alternative to Cameron. "It is a logical extension of one part of our business," he said.

Moray Firth, which supplies a number of other customers in the industry, is also seen by S & N as having particuler potential overseas.

Mr Chris Walker, of Edinburgh-based stockbrokers Wood, Mackenzie expressed caution about the move, the malt market in the UK not being in a particularly good state and the possiblity of exports, some 25 per cent of the company's turnover, being adversely affected by EEC proposals.

"However," he said, "the move falls into S & N's corporate strategy of growth by acquisition in areas associated with its main businesses and it will also safeguard supplies."

Anglo American earnings up

BY KENNETH MARSTON, MINING EDITOR

NET ATTRIBUTABLE profits of Anglo American Corporation of South Africa for the first half of the current year to next March have risen by 5.3 per cent to R348m (£156.2m) from R330.5m in the same period of last year. The full year's total for 1983-84 was R800.2m.

Anglo is leaving its interim dividend unchanged at 35 cents. For the previous year the subsequent final was 85 cents to make a total of 120 cents against 10 cents for the year to March 31, 1983.

	Six months 1984 Rm	Six months 1983 Rm
Investment income	234.7	232.4
Trading profits	153.0	130.3
Other net income	33.0	22.3
Loan interest	11.7	8.1
Prospecting costs	30.4	26.5
Profit before tax	378.6	350.4
Taxation	75.8	59.4
Net profit	302.8	291.0
To minorities	54.8	46.4
Preferred dividends	2.2	2.2
Making	245.8	242.4
Associate's retained	102.2	88.1
Net attributable profit	348.0	330.5
Extraord. credits	33.4	9.0
Ordinary dividends	79.8	79.5
Retained	301.6	260.0

There is also an extraordinary credit of R33.4m in the latest results. This reflects the change in the basis of accounting by the asoicate Rustenburg Platinum Holdings which has moved from the LIFO to the FIFO (first-in, first-out) method of valuing its trading stocks.

● comment

The major factor in the improvement in Angle's first half earnings will have been the better than expected contribution from Anglo American Coal Corporation (Amcoal). Looking to the second half of the parent's year, Amcoal is expected again to perform well, but the outlook for the other major sectors of the group's interests is less clear, especially with exchange rate uncertainties. Gold income is keping up well thanks to the benefits of the strength of the U.S. dollar, although this may not persist. The South African industrial interests continue to be held in check by the country's recession while the heavy going continues for the Bermuda-registered Minerals and Resources, international investment arm. Overall, Anglo may do well to match the good performance seen in the second half of the year to last March. While the dividend total of 120 cents should be maintained, the shares at £11¼ to yield just under 5 per cent are not especially attractive.

Philip Hill cuts administrative work

BY ALEXANDER NICOLL

The Philip Hill investment trust group headed by Lord Keith, former Hill Samuel and Rolls-Royce chairman, is to subcontract out to Morgan Grenfell the administrative work of the three trusts it manages.

The unusual arrangement is a sign of growing pressure on small management groups, especially those which make general investments without specialising in any particular field.

Philip Hill has lost three trusts in the past few years in a shakeup of the sector caused by unrest among institutional shareholders seeking high performance, specialisation or a realisation of their investments at close to asset value.

By far the largest trust in its stable is Philip Hill Investment Trust, with assets of over £250m. It is the parent company of Philip Hill (Management), which manages its portfolio as well as the much smaller General Consolidated and Moorgate trusts.

Under the new two-year deal, Morgan Grenfell will undertake settlement and clerical work of all three trusts, and will have an additional advisory role in the Philip Hill trusts, where it will have a representative on the investment committee.

In addition to cutting costs—Morgan Grenfell will take on some of Philip Hill's clerical staff—Philip Hill will gain access to Morgan Grenfell's expertise in Far Eastern and European markets. Philip Hill would never be able to build up such knowledge on its own, Lord Keith said.

Philip Hill had commissioned Morgan Grenfell to do a study on its avenues for the future as overheads rose. The pressure on the group was evidenced earlier this year in the takeover of its Nineteen Twenty-Eight Investment Trust by London and Manchester Group.

The decision to give the contract to Morgan Grenfell itself followed independent advice from stockbrokers Hoare Govett and Philip Hill's accountants and lawyers, Lord Keith said. Morgan Grenfell manages two investment trusts and gives investment advice to the Target Group, which manages 26 unit trusts.

Shareholders of the three Philip Hill-managed trusts will not be formally consulted about the new arrangement, on the grounds that no change in investment policy or management is involved.

Lord Keith said, however, that the largest shareholders—Eagle Star, Prudential Corporation and the National Coal Board pension fund—had been informally polled before the move was announced.

Lord Keith, 68, is chairman of the Philip Hill trust but does not sit on the board of the other two, though other group executives do. He said Philip Hill had decided not to sell the management company because "we wanted to remain in charge of our own destiny."

Cullen's share price up again

The share price of Cullen's Stores, the subject of an auction among three competing bidders, rose further yesterday to be well above the highest existing offer.

Bidding in the very thin market for Cullen's shares—with over 80 per cent of the voting equity owned by or committed to the three bidders—took the voting shares up 15p to 505p.

The highest cash alternative on the table is that offered by Mr Lew Cartier and Mr David Cullen, at 460p. They own or have received irrevocable commitments covering 34.6 per cent of the voting shares and 18.6 per cent of the non-voting.

A consortium formed by three former Imperial Group executives, headed by Mr Peter Matthews, improved its standing yesterday by winning a commitment from Hill Samuel to deliver 4 per cent of the voting shares. The Matthews team now has irrevocable commitments for 36.4 per cent of the voting equity and 17.4 per cent of the non-voting.

COMPANY NEWS IN BRIEF

Reduced first half losses before tax of £195,000 against £1.19m are reported by Triefus, which markets, processes and values diamonds. New funds from a subscription issue completed last June have significantly reduced borrowings which means the second half will benefit from lower interest charges.

Turnover for the first half of 1984 amounted to £10.1m (£9.8m). The company is 56.5 per cent held by Asahi Diamond Industrial Company and Lieber and Solow.

* * *

Barbican Holdings slipped further into the red during the 15 months to June 30 1984, incurring pre-tax losses of £956,000, compared with losses of £763,000 for the year to end-March 1983.

The company, which changed its name in July from W. E. Norton (Holdings), has disposed of all of its oil activities and is now engaged primarily in the security business. A programme of cost rationalisation is under way, the directors say, which should enable it to consolidate its base in that industry.

Turnover during the period fell from £6.9m to £748,000, and the company made a loss on its discontinued activities of £513,000 (nil). Interest charges took £40,000 (£177,000).

There was no tax this time (£4,000), and extraordinary debits, including the loss on the sale of tool activities of £1.05m (£0.72m), took £893,000 (£1.05m).

* * *

Simonbuild and Simconsult, to comply with the agreement made at purchase from Simon Engineering five years ago, have changed their name to Multi Construction and Multi Design Consultants, both members of the Multi Construction and Engineering group.

* * *

Following the offer by way of rights to ordinary shareholders of Attwoods 23.22m new ordinary shares at 80p per share, acceptances have been received in respect of 17.61m new ordinary.

New ordinary shares for which acceptances have not been received have been sold in the market.

* * *

Trafalgar House has established a commercial paper programme in the U.S. through Trafalgar House Inc. Backed by a credit line of up to $50m from Bank of America National Trust and Savings Association, the commercial paper notes will be issued by Bank of America Trust Co. New York.

Proceeds of the issue will be used to fund the working capital requirements of the growing activities of subsidiaries in the U.S., including Trafalgar House Oil and Gas and Trafalgar House Real Estate.

* * *

Pre-tax profits of the National Electric Construction, a subsidiary of British Electric Traction Company, increased from £447,000 to £536,000 for the six months to September 30 1984. After tax of £179,000, against £151,000, earnings per 50p share rose from an adjusted £8.60 to £10.43.

Investment income was little changed at £342,000 (£341,000), although net interest receivable increased from £130,000 to £218,000. Expenses took £24,000 (same). The interim dividend is effectively maintained at 5p.

* * *

Electrical and Industrial Investment has pushed up its net revenue from £499,000 to £806,000 in the half year ended September 30 1984, and is raising the interim dividend from 240p to 300p net per share. The company is in the BET Group.

In the period investment income came to £846,000 (£589,000) and interest receivable to £226,000 (£134,000). Tax required £231,000 (£190,000) and earnings worked out at 801p

* * *

PRE-TAX PROFITS of the Birmingham & District Investment Trust increased from £2.76m to £3.81m for the six months to September 30, 1984. Investment income rose by £0.81m to £3.18m and net interest receivable climbed from £0.5m to £0.73m.

Expenses took £0.1m (same) and tax accounted for £0.95m (£0.85m) leaving a net surplus of £2.87m (£1.91m). Earnings per 10p share advanced from 1.1p to 1.68p and the net interim dividend is unchanged at 0.45p. The company is in the BET group.

* * *

Oceana Development Investment Trust improved to 67.1p as at September 30, 1984, against 66p six months earlier.

Gross revenue fell from £34,736 to £20,716 in the half year to the end of September and the pre-tax figure dropped from £24,400 to £10,583. Tax took £5,105 (£9,042) and earnings per share were down from 2.81p to 1.04p.

* * *

Gresham Trust is launching a Business Expansion Scheme fund for the tax year 1984-85. With a minimum of £2,000 and a maximum of £40,000, the fund aims to raise between £1m and £2m from investors. Gresham will charge a management fee of 5 per cent and take options in the companies the fund invests in.

This is Gresham's first venture into the Business Expansion Scheme, but it is already experienced in providing capital for unlisted companies. It may link its traditional financing activities to the fund in order to provide gearing for companies it invests in.

Normans rights result

The Normans Group's rights issue of £5.67m nominal of new stock was taken up by shareholders representing £4.63m (81.7 per cent) of the stock.

MINING NEWS IN BRIEF

The diamond recovery ship Calypso of Ocean Diamond Mining has sailed from the fitting-out yard at Cape Town for the offshore diamond fields off the coast of Namibia. The company has the rights to mine the three-mile territorial waters surrounding 12 small islands lying close to the coastline, near to the beaches being mined by the De Beers group's Consolidated Diamond Mines.

* * *

South Africa's Rand Mines Properties expects little change in profits in the year to next September and says that the total of the two dividends to be declared will equal the single payment of 65 cents (30p) declared for 1983-84.

The new R42m (£19.2m) plant to recover gold from mine dumps in the City Deep area is expected to begin commissioning in 1986-87 and reach full capacity operation towards the end of the following year. The proposed sale by RMP of the Thesen industrial subsidiary to Federated-Blaikie for a net R27.2m will provide funds for part of the cost of the new gold plant.

* * *

Australia's Leighton Mining says that it is not going ahead with the earlier announced rights issue and purchase of oil permits from Endeavour Resources. Shareholders in the latter company rejected the sale when their company was offered an outright A$15.5m (£11m) cash purchase by Hartogen Energy.

BPCC passes deadline to raise Waddington offer

THE DEADLINE by which Mr Robert Maxwell's British Printing and Communication Company could have increased its £44.2m offer for John Waddington, makers of Monopoly, passed yesterday with no move from Mr Maxwell's camp.

Waddington's shares rose 10p to 520p and remained comfortably above the value of BPCC's cash-only offer of 500p. BPCC's shares rose 1p to 180p.

BPCC's announcement of a week ago that it would not extend its offer beyond December 13 imposed a strict time-limit on the bidder under the City Takeover Code for increasing the value of the bid.

Waddington and its merchant bank adviser, Kleinwort Benson, approached the Takeover Panel in an attempt to obtain further information on the financial position of Mr Maxwell's privately-owned and Liechtenstein-registered Pergamon Press, but the panel said it was satisfied that BPCC was a company of substance.

Mr Maxwell's decision to drop the promised convertible share alternative to his cash offer angered the panel but it took no action.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Castings, Freshbake Foods, Arthur Henriques, Highgate and Job, Marshalls Halifax.

Finals:—Tyne Tees Television.

FUTURE DATES

Interims:—	
Alpine Soft Drinks	Dec 7
Danae Investment Trust	Dec 10
Fine Art Developments	Dec 6
Finlan (John)	Dec 5
Geevor Tin Mines	Dec 6
Holden Hydroman	Dec 6
Parkfield	Dec 11
Paula	Dec 6
Property & Reversionary Invs.	Dec 6
Routledge and Kegan Paul	Dec 6
Stewart and Wight	Dec 6
Finals:—	
Archimedes Investment Trust	Dec 12
Bailey (C. H.)	Dec 5
Canvermoor	Dec 13
Hardys and Hansons	Dec 14
Lake and Elliot	Dec 11
Leeds	Dec 4
Pericom	†Dec 5
Trans-Oceanic Trust	Dec 7
Windsor Securities	Dec 6

†Amended

FINANCIAL TIMES SURVEY

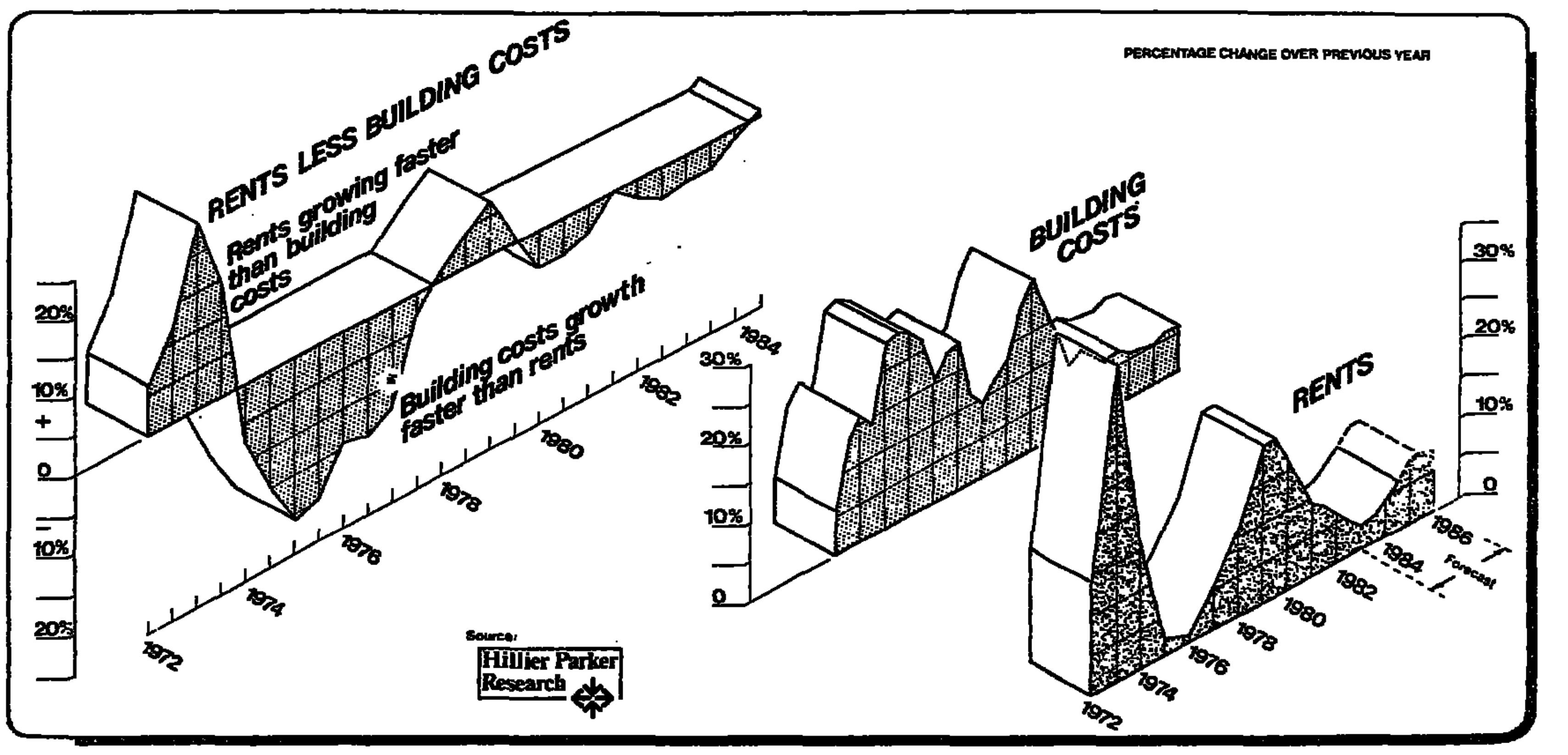
Friday November 30 1984

UK Property

Institutions have hesitantly returned to the property market. While they were away, a revolution has taken place in occupiers' demands which has turned some markets on their heads.

Revival and revolution

BY WILLIAM COCHRANE



Martyn Barnes

The rate of growth of commercial property rents is overtaking the forecast growth of building costs. Russell Schiller, of agents Hillier Parker, says whenever this has happened it led to an increase in development

A YEAR AGO some basic assumptions behind property investment came under strong challenge from a former chairman of the Royal Institution of Chartered Surveyors' Assets Valuation Standards Committee.

Mr Norman Bowie, a consultant to agents Jones Lang Wootton, put forward the view then that the seller of property was getting a good deal.

Perversely, since the first quarter of 1984, UK investment institutions have been making a return—if hesitant, and highly selective—to the property market after a drop from just under £2bn to £1.3bn invested in 1983.

Mr Bill Proudfoot, chief general manager, actuary, and a director of Scottish Amicable, takes satisfaction, for example, from the fact that the society went back into the property market in 1983, a year ahead of the herd and, ironically, he made this one of the main legs of a talk to the JLW property conference in Glasgow last September.

There are those nevertheless, who believe that Mr Bowie was right: property yields are too low in relation to gilt-edged stocks and recent and potential rental growth does not enhance comparison with equities.

Both equities and gilts took a tumble for a time this year, however, something which tends to remind the fund manager of the longer time-cycles in the property market.

Paul Orchard-Lisle: "Turnaround in consumer requirements in all sectors"

In the meantime, the occupier market is going through a revolution. "We haven't seen the like of it since the war," says Mr Paul Orchard-Lisle, head of investment and research at agents Healey & Baker "There has been a turnround in consumer requirements in all three sectors."

In retailing, the trend is to fewer downtown shops in covered centres and pedestrianised streets. These are destined for monthly shopping trips, are fashion-dominated, and have a good range of catering and personal administration outlets, such as Saturday-opening banks.

"There are some towns where local authorities still do not provide the right environment and infrastructure," Mr Orchard-Lisle says. He sees the need for shopping-orientated car parks, a pleasant street scene, a degree of weather protection and the exhibitions and showpieces conventionally seen in an Arndale centre to make investment attractive.

Out of town, he expects the rise of the superstore, do-it-yourself and heavy consumer goods to continue.

Healey & Baker sees offices and industrial property merging into "employment accommodation" (Mr Orchard-Lisle' pet phrase). "There will still be conventional warehouses and city *centre office blocks, but out of* London the move to mixed development will continue," he says.

He sees a changing attitude by the institutional investor. "They are far more short-term investment conscious, and far more of them perceive themselves as dealers."

Will this bring a parallel to the jobber, the middle-man in other securities markets? After all, the property market is notoriously illiquid, and it is the middle-man who provides liquidity elsewhere.

"We do get a wholesaling attitude in relation to 1960s office blocks, but the only people who want those are property companies—if they can buy at prices which allow them a turn," Mr Orchard-Lisle says.

"That is one reason why the statistics (based on net figures) have implied a slowing down in property investment," he says, referring mostly to 1983 and early 1984. "Landlords have been turfing out what they don't want."

He sees new things in the development funding market as well. "At £15m or upwards for a planned covered shopping centre, single buyers are restricted. New retail investment is very attractive and a number of institutions want to get in. But they cannot because the investment is too big.

"The answer may be unitisation. A number of us are looking at the concept of a unit trust owning a single property," he says. "If Central Milton Keynes (the new town's giant modern shopping centre complex where the head lease is owned by Postel) started today, there would be no problems in funding it in that way."

Unit trusts would need a senior partner to take more responsibility than the others. They would be an alternative to trusts for sale, another method of shared ownership. This has run into difficulties at times although Scottish Amicable has found it useful in allocating slices of a property between its various funds, according to Mr Proudfoot.

In the development and letting markets two main themes have been at the centre of the stage this year. One, encapsulated in Mr Orchard-Lisle's "Employment property" is the trend in the industrial market towards building non-traditional accommodation.

Agents Debenham Tewson & Chinnocks, in a study of industrial rents and rates this summer, calculated that rents in real terms had fallen since 1973 by up to 30 per cent in some cases, with an average decline of 20 per cent.

But new styles of industrial property —generally incorporating up to 50 per cent office or quasi-office accommodation—surveyed in seven science and commercial business parks revealed that rents could be up to 100 per cent greater than nearby standard industrial premises.

Virtually all the industrial development one hears about in the relative prosperous South and South-West is in this category. There is a worry that developers and agents could be over-egging the pudding.

'A number of us are looking at the concept of a unit trust owning a single property'

Similarly, in the City of London, after a long time when the inner core was pre-eminent and the "*fringe*" was over-supplied events in the last year or so have turned the situation on its head.

Restrictions in the core have forced development to the periphery. The revolution in financial services has created demand for large, modern buildings such as the Billingsgate development. Rents in the inner core stood still in April to September of this year, and the fringe is letting at a lower discount than before.

Just as some agents along the M4 seem to be forecasting a never-ending boom in hybrid office/industrial development — or at least for the ones which they are involved with — others in the City of London are predicting near-dereliction for the City's inner core.

Mr Rodney Pollard, of Royal London Mutual Assurance, is developing both a high-tech scheme on the M4—the innovative, and highly successful Dorcan series—and a big City-fringe operation at Triton Court, Finsbury Square.

But he does not believe the City core is likely to diminish in importance. He says that City people will still be prepared to split operations, taking larger space on the periphery and smaller in the core.

"The central core is still the market-place," he says. "It won't go in the short-term — and I don't think that it will in the long term."

On high-tech and its imitators, agents Hillier Parker, reckoned earlier this year a high-tech content could double land prices.

"One has to be cautious about this," Mr Pollard says "If you think yon have the right product, then it is right to pay a *little* more; but you have to be careful. There has to be a limit. This is a fairly high-risk business."

Prices have been paid, and developmnets projected at yields which hardly seem to incorporate the appropriate risk. Whether the cost is all action or hot air is hard to discern when the principals and *their agents, in what is* supposed to be a mature investment market, keep important information to themselves.

Mr Ian Flanagan, industrial partner at Hillier Parker, takes it all with a pinch of salt: "We're basically an extrovert industry," he says. "Any new opportunity always excites."

Michael Cassell notes a slowly recovering market, but tenants remain powerful

Goodbye to good old, bad old ways

Rents

IF RENTS are the real gauge of the property market's health, then the conclusion must be that the patient is making a slow and fitful recovery. In spite of plenty of evidence to suggest that the worst is over, the pattern of rental growth is not yet broad enough nor marked enough to confirm a complete revival.

For most of the 1980s, rents for most types of commercial property have shown little readiness to turn in the type of performance which previously underpinned property's appeal. A general oversupply of accommodation combined with the effects of an economic shake-out, the likes of which most industries have never before faced, have extinguished the pressures which had seen rental and capital values rising dramatically.

Tenants were in no frame of mind to accept the type of rental hikes common throughout much of the 1970s. The emphasis was on rationalisation and rethinking—often for the first time in decades—the most cost-effective and efficient ways of operating a business.

Landlords were often slow in understanding the message, preferring to believe that they were facing yet another downturn in a highly cyclical industry. They continued to believe that once the temporary weakness was over, the market would return to its good old, bad old ways.

> Tenants were in no frame of mind to accept the type of rental hikes common throughout much of the 1970s.

For some the truth was to dawn very slowly, holding out for rents which had been built into their development sums or for terms which they believed they would achieve if patient enough. Even now, when the full extent of the market's failings have been exposed, there is a tendency to deny the reality of the situation.

With deals being struck at rental values well down on expectations and widely-canvassed asking prices, the trend towards disguising the truth had become more marked.

Whereas rents "close to" the asking price once meant precisely that, the term has come to mean something much less precise. Landlords remain determined to maintain an optimistic gloss to paint over the cracks of what remains a "flaky" market. Appearances are all-important in a market where confidence is crucial.

The situation is swinging slightly more in their favour. But property owners are still anxious to show the world they are achieving top rents and conditions, while showing themselves prepared to hand back discounts and dispensations—provided they are under the counter.

Even in the City of London, where the evidence of a revival is clearest, developments in strategic locations like Lombard Street are still being let on terms which include rent-free periods.

However patchy the improvement remains, there is no disputing that the market has started to show distinct signs of better health. The first observation about rents in the current market is that at least deals are being done. Floorspace which stuck hard while the market stagnated is finally shifting and buildings which have become notorious for their lack of success are again filling up.

The rents achieved may leave room for improvement and create disappointment, but some income is usually better than none.

It seems clear that for the first time in four years commercial rent values have this year started to move ahead of inflation. Hillier Parker said in the summer that rents were growing at their fastest rate for 2½ years and at twice the rate achieved in the second half of 1983.

All the evidence suggested that shop rents continued to lead the field, showing their first double-digit increase for four years. The strength of the retail sector has continued to provide the brightest spot in an otherwise gloomy market and has been firmly based on high consumer spending levels which have worked through into rents.

Not only has the retail sector provided most of the good news, it has also managed to present a fairly uniform picture, with all regions of the country beating—or at least matching—the rate of inflation.

Indeed, the shops market has overturned the national pattern in other property sectors and shown itself strongest for rental growth in the north of the country. The south-east, for a change, has generally failed to show the sort of growth achieved elsewhere, though this is only because it has failed to sustain rent rises which were the order of the day before the rest of the country caught up.

The big question is whether rental growth in the retail sector can be sustained at recent levels for much longer. The high street spending boom still seems in full swing but any substantial downward turn in trading levels could quickly work through to rents in this, one of the most volatile sectors of the property market.

> Rents achieved may leave room for improvement ... but some income is usually better than none.

Certainly, rents over the medium-term need to continue to show significant growth if recent purchase prices are to be justified.

As for prospects in the other two principal letting sectors, few commentators are predicting anything spectacular over the medium-term; steady and, hopefully, sustained growth is the most that observers expect.

The strongest markets, in both offices and industrial space, have been confined to the south-east corner of the country but even there the recent track record for rents has not been particularly strong. It has not necessarily been prime rents which have performed best, and one survey showed that secondary retail property had managed to outperform prime over the last five years.

In the City office market, where there is no disputing the strength of demand for good floorspace, the impact on rents has been fairly limited. Over the past year, rising take-up has soaked up a substantial oversupply, and it will need to be sustained well into 1985 to have any marked effect on rental values. For the time being, City rents have stabilised at about £31-£32 a sq ft.

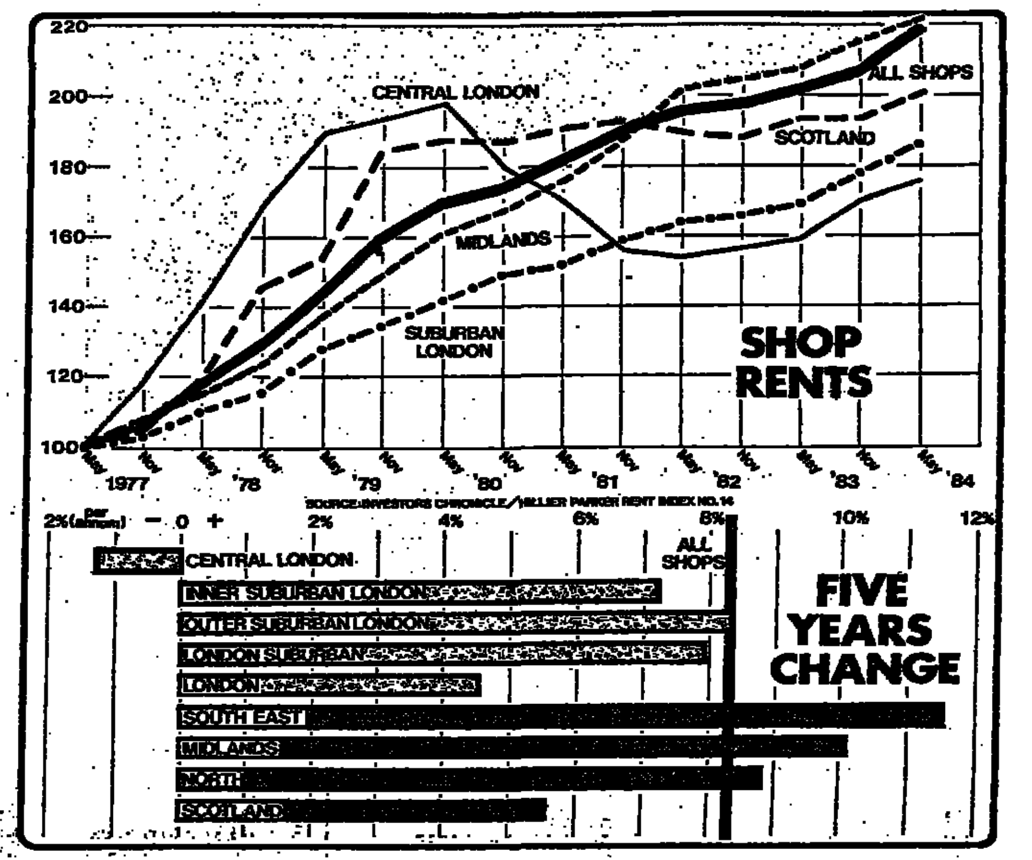
In the West End a long-awaited pick-up in tenant demand is also under way and lettings are becoming more numerous and more substantial.

The immense oversupply of floorspace is, however, dampening pressures on rental values. An abundance of older property, with inherently lower rents, is not helping the general drive towards higher values.

Beyond London there are indications that important Thames Valley office centres like Reading have resumed an upwards rental path, though there is not sufficient evidence to support the optimists' view that another strong upsurge is around the corner.

There are plenty of predictions that rents for office, high tech and industrial space within striking distance of the M25 must stand to make exceptional strides forward as the road nears completion. Some locations will benefit but it is going to take more than a planning permission at the end of a slip road to guarantee handsome development profits.

The real "pioneer" developer might prefer to stick his neck right out and decide to build something north of Luton, where the recovery still looks a long way off.



Biggest shake-out in recent times

Tenants

IN SPITE of increasing indications that the UK commercial property market is on the mend, the tenant still rules. Only when the landlord has again taken the upper hand will it be safe to say that the market's revival is complete.

But there are good reasons for believing that the landlord will not easily re-establish the traditional dominance which for years was the hallmark of the property sector. Few national markets have developed in a way which leaves the property owner in such a strong position, minimising his responsibilities and pushing the burden of management firmly onto the occupier.

It is a system which the tenant had, until recently, accepted as the norm, rarely failing to challenge the extent to which he is liable, and even more rarely succeeding in overturning some longstanding traditions — most of which have been maintained for the benefit of the landlord.

> There are good reasons for believing the landlord will not easily re-establish traditional dominance.

But the prolonged weakness in the market has forced both sides to take another hard look at the arrangements. The significance of the latest rethink, however, is that it may be more than a temporary reflection of the tenant's strong position. It could have lasting effects, beyond any market revival which strengthens the landlord's arm.

Most occupiers of any significance have spent five years undergoing fundamental reorganisation and transformation. It has often been a painful process but it has been carried out in the knowledge that a worse fate awaited those who failed to remain competitive in increasingly tough markets.

The drive towards efficiency and cost-effectiveness has extended to embrace all businesses and every aspect of those businesses. It was only a matter of time before property requirements began to feature on the checklist.

Accommodation requirements have come in for searching analysis, and the volume of floorspace shed in the office and industrial sectors must represent one of the biggest shake-outs in recent commercial history. But occupiers have done a great deal more than look at total space usage and lop off the parts no longer essential to their needs. They have started to look at property in an entirely different light.

Perhaps for the first time many businesses are seeing their property as something more than the inevitable shell in which their operations are carried out. It has become a working asset which, if lightly treated or badly managed, can quickly become a liability.

There is a tendency among commentators to dismiss many features of the latest generation of office buildings as mere fashion or gimmicks designed to shift space when huge volumes have apparently become unwanted.

There is some truth in this but the development industry's concerted attempts to woo increasingly coy tenants is welcome evidence that some of its past complacency is being replaced with an acceptance of the need to produce what occupiers, rather than funders, want.

In any case, while atria might be considered little more than a trend-setting sop to make a building stand out and a tenant rush in, much more important innovations in building design have been introduced.

Developers are providing premises which take account of an occupier's changing needs, which offer substantial savings in running costs and which incorporate the latest technology to improve the working environment.

The important thing about these changes is that they are establishing new standards in a market which, curiously, is showing every sign of being prepared to pay premium rentals for quality accommodation. The drive to reduce overheads has not necessarily pushed businesses into occupying cheaper space but rather the opposite, encouraging them to take more efficient premises which may appear more expensive but which offer significant indirect cost savings.

There is no better example of this phenomenon than in the City of London, where location once meant everything. There is no point in trying to minimise the continuing importance of location but there is equally strong evidence that occupiers are becoming less concerned about the address and more interested with operating from decent accommodation.

The trend may not have spread much further than the Square Mile but there is no reason why the same process will not engulf most principal business centres. Once new standards of accommodation have been established, pressure from employees will mean that tenants have to take note.

What this implies for the older generation of business accommodation is clear, and more astute property owners have wasted little time in directing a growing proportion of funds towards reviving accommodation which had been made to look out of date and unlettable.

It is widely assured that acres of industrial accommodation will never again find occupiers and have to be demolished. The problem might not be so acute in the office sector but as the establishment of new standards becomes more widespread, so the appeal of less satisfactory accommodation will decline.

Although the owner-developer has been forced to pay closer attention to the needs of the market, the increasing pressures have generally failed to create cracks in landlord-tenant relationship which has traditionally favoured the owner.

There has been some move towards shorter leases and even break-clauses have been incorporated in some recent deals. But they remain exceptional.

The overall conclusion must be that, in spite of an increasingly tough market, landlords who have managed to retain the old leasing structures should be able to do so in the future. It all depends on who needs whom most.

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Michael Cassell looks at the re-emergence of institutional interest in property

Hesitant and nervous reawakening

Investment

EVIDENCE OF an upturn in property investment performance is encouraging the institutions back into the market. But their re-emergence is a cautious affair and widespread doubts remain about the likely duration and scale of any fresh phase of investment.

Most property indicators published during 1984 agree that property has been moving out of the downward cycle which took a grip in 1980-81 and that its investment performance has been *gradually* perking up, even if some of the apparent upturn owes more to declining returns elsewhere than to intrinsic strength.

By the summer, Richard Ellis was reporting that its total return index — which embraces capital and rental growth — had risen by nearly 10 per cent in the year ending in March 1984. Based on a sample of more than 1,000 properties worth a total in excess of £1.5bn, the index achieved its first overall increase since 1978. This provided confirmation that the climate for property was improving.

The upturn earlier in 1984 has been generally maintained, though progress has not been uniform and interest by the institutions has fluctuated significantly. *It has been a hesitant* and nervous reawakening.

The revival is underlined in government statistics which showed that the insurance companies and pension funds put just over £400m into property in the second quarter of 1984, a remarkable bounce back from the five-year low of about £270m in the first three months.

Clear signs that the institutions are again prepared to contemplate property as a worthwhile target for investment raises interest in the form it will take.

Until three or four years ago, the approach to property was straightforward. The nature of institutions' business meant investments had to be secure, likely to appreciate steadily and provide a reasonable hedge against inflation. They also had to be fairly marketable and stand up to periodic valuation.

Traditionally, government securities and equities filled the bill, but the advent of high inflation and regular, upwards-only rent reviews put property under the spotlight.

The rush to invest during the late 1970s pushed prices up and yields down. Some bad investment decisions were saved by the buoyant market or an investor's ability to keep his secret.

When the market turned sour from 1981, most big investors found that insistence on prime investments had limited the damage to income. But property began to underperform and has continued to do so. As performance went down, so did the *flow* of new investment—from nearly £2bn in 1981 to about £1.3bn last year.

> The upturn has been maintained, though progress has not been uniform and interest by institutions has fluctuated.

With interest returning, however, investors will be keen to examine ways of increasing their property exposure without squeezing yields to levels which demand unrealistic growth.

The most obvious way of raising performance is to remove the *middle* man. *The* institutions' early romance with commercial property almost always involved partnership with developers—a blend of financial muscle and development expertise. Some of the marriages have been extremely successful and there is every reason to believe that they will continue.

But for some institutions, the way ahead is to tackle development *single-handed, establishing* opportunities and carrying them out alone. Some large funds are confident enough to tackle this on their own and will not readily revert to sharing the spoils of a successful project.

Beyond the institutional market, however, consortium funding is becoming increasingly acceptable. The trend is in its early stages for large projects is limited to prime markets like the City of London.

The consortium formula represents a new and potentially important source of development finance, though a fully-fledged syndication market for public and private investors—as in the U.S.—is unlikely to gain a foothold in the UK because of the limited tax-shelter opportunities.

The institutions' fresh approach also means that many are more prepared to consider long leaseholds, irregular rent reviews, multi-tenanted buildings and reversionary properties. They are concerned, too, with creating conditions for future rental improvements.

Awareness is growing that secondary investments can meet all the financial criteria laid *down for sound investment* in property. The additional burden of management appears to be the main barrier, but at the same time the importance of active management is itself becoming better understood.

In the retail sector, which has made most of the recent running in rental growth and investment interest, funds are taking a closer look at secondary *opportunities*.

Mr Andrew Waters, of Richard Ellis, says: "Shops have been very fashionable but people should not expect this sort of growth to continue. People buying retail two years ago will be seen to have got things right, but now the sector is looking expensive.

"There is still growth in places like Leeds and Manchester but the short-term future in locations like Guildford must be far less certain. Some investors are moving away from prime properties in the more fashionable centres to smaller towns. The trend is not a reflection of the shortage of prime opportunities but a *decision* to seek out improving shopping towns where the potential for growth is greater.

> For some institutions the way ahead is to tackle development single-handed.

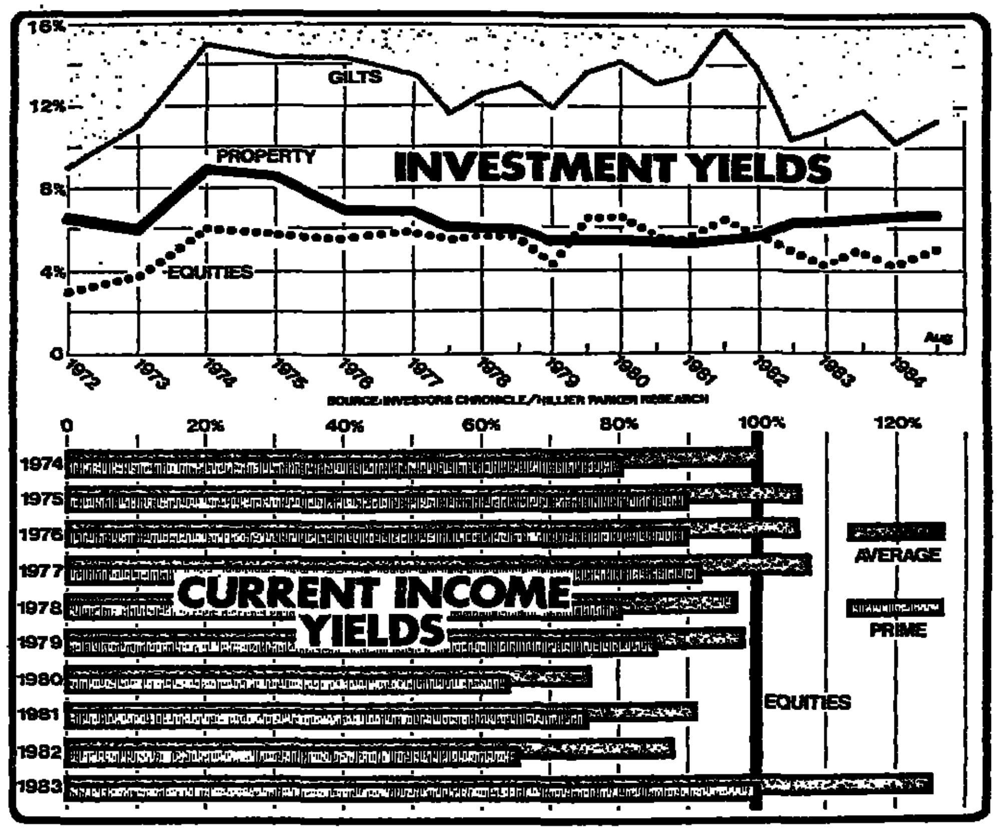
"I am not suggesting that the purchase of prime retail is now unadvisable, because there are locations where there is still growth to come. But investors need to be doubly careful, taking a close look at the rental base and the scope for growth.

"Timing is all-important—and more so in retail than in any other part of the market."

Mr Edward Luker, another Ellis investment partner says: "The old rule for property investment was location, location, location. That has now been revised to read location, quality and timing.

"Very good property is probably overpriced and there are reasons for investors to examine some of the regions which have been neglected over the last few years.

"But the entire revival in interest is delicately poised. It is a frustrating situation in which most people believe the market is improving but they are waiting for just a little more evidence before moving in again."



Market snoozers will pay dearly

Companies

WOE BETIDE the property investment and development company that snoozes through the property market revolution. Failure to take account of the radical changes taking place — embracing financial, architectural and technical revolutions — will cost them dearly and drive them into the arms of bigger fish with better ideas.

In the words of Mr Gerald Powell, managing director of Haslemere Estates: "The successful property companies of the 1980s will need a high level of quality management, constant in-depth portfolio management and — a simple but crucial point — a sound financial structure."

People like Mr Powell stress the growing importance of quality alongside location. "Developers in the past decade have woken up to the fact that it is necessary to build aesthetically pleasing, efficient and flexible structures for tenant use; buildings which can cope with modern office requirements and yet be flexible enough to move with the times and lessen the risk of premature obsolescence.

The appearance of a new generation of buildings will establish new standards which developers must maintain to prosper. The real challenge involves the changes in the market treatment of existing property assets.

Some major property companies have dragged their feet in appreciating the repercussions of recent changes on previously successful portfolios. Some have tended to believe that older accommodation will again begin to perform once the space surplus is replaced by shortage.

There is already evidence that this will not happen and that tenants less mindful of the importance of location will seek quality space.

Decisions have to be taken. Some properties will show a good return, others will not. Some expensive refurbishments, sometimes because of planning constraints, still carry inherent problems after modernisation and may be a long time in justifying the expense involved.

Without active portfolio management the performance of property companies, against an increasingly selective and quality-oriented background, will deteriorate quickly. Active management means a great deal more than spotting refurbishment possibilities, and includes renegotiating leases, developing potential projects which others fail to recognise, and doing homework on ignored markets set to grow from a modest base.

It is no coincidence that some funds and developers are again looking at centres like Manchester, Leeds, Birmingham and Bristol.

The recent share performance of quoted property companies underlines the market's acceptance of the new situation. Among bigger companies, better performers have been those like MEPC, Hammerson and Laing, which hold relatively modern portfolios (and sizeable overseas assets). The worst performers are smaller companies with poor portfolios, little active management and limited resources to undertake significant modernisation.

Brokers have been emphasising the need for careful share selection, picking companies whose portfolios will benefit from a fresh wave of letting, and steering clear of those with below-standard property. Most City commentators recommend companies with heavier exposure to shops, City offices and a few specialised areas such as the M25 or retail warehousing, where there is genuine evidence of growth.

Those companies which cannot keep up with the pack, face an increasingly uncertain future. It is only the surprisingly low average discounts which have prevented predators moving in.

A number of publicly quoted property operations are stagnating, living off the rents from historic portfolios which have, until recently, benefited from the upturn in rents and capital values.

Their performance could suffer and their future depend on a quick injection of cash and ideas before their portfolios are picked off, sorted out and sunk into companies with the resources to take on the challenge.

Michael Cassell

William Cochrane examines the industry's attitude to government incentives and impositions

A political maturity revealed

Incentives

PHLEGMATIC, frequently critical, sometimes even appreciative—but almost invariably low-key: the industry's reaction to central government impositions and initiatives affecting the property market suggests a certain political maturity.

IBAs

Consider, for example, the end of industrial building allowances. In November the Confederation of British Industry condemned the reductions in capital allowances in the 1984 Budget as "divisive, excessive and a disincentive to investment."

For Knight Frank & Rutley, however, Mr Jon Homan, industrial partner, says simply that IBAs have been very successful in stimulating the supply of industrial units; that their withdrawal (via a phasing out by March 1986) will have the opposite effect; and that, in the short term, this will not have much impact on an oversupplied market.

Mr Francis Dunster, who leads for agents Healey and Baker in Scotland, is even more dismissive about his patch. "There have been relatively few [IBA schemes] developed in Scotland," he says.

Among the reasons, he lists the weight of public agency development and the fact that bodies like the Scottish Development Agency have been more flexible in letting policies in relation to covenant and type of occupier.

He also notes that recession has hit demand in Scotland. Although the SDA is cutting development, and industrial demand is increasing slightly, he doubts whether the removal of the IBA scheme will have much effect on a market "where it has had little impact to date."

VAT

The imposition of VAT on refurbishment work does not depress Mr Walter Conway, KFR partner and chartered building surveyor. "They have VAT on all building work on the Continent—and at a higher rate and they seem to manage," he says.

The actual VAT bill, Mr Conway reckons, is often much lower than it should be in theory, and he does not believe that VAT has affected the amount of refurbishment work placed or contemplated over the past six months.

"A lot of refurbishment is done by trading companies which can offset the VAT or by a developer which can build it into its price," he says. With or without the VAT variable, a refurb promoter would still have to do his sums and see if the development was viable.

EZs

Enterprise zone legislation, noted earlier this year for its help in enabling a Mr Harry Swaddle to set up a £5m nappy factory in Tyne and Wear, produces both positive and negative reactions. Mr Richard Edgell, KFR investment partner, says that the end of IBAs will lead to a concentration of development in the EZs, where 100 per cent capital allowances on new commercial buildings are available.

But if EZs were the economic black spots of the past, he reckons they are likely to be edged with black in the years ahead. "The surrounding areas will be the EZs of the future, because absolutely nothing will happen there," he says.

Rates

A 10-year rates holiday is the other main EZ inducement. Elsewhere, the Government has been endeavouring to keep rates down by rate-capping—aimed at holding down rises in the highest-spending boroughs—and the derating of vacant industrial and warehouse space.

Agents Debenham Tewson & Chinnocks, who do a lot of work on office and industrial rates, do not go into the government's motivation in rate-capping (said elsewhere to be hit-and-miss and a political weapon rather than an inducement to the occupier).

What DT & C say is: "Rate-capping has not affected property decisions so far. If it went on for five years, and tenants saw it to be working, they might then sign a 25-year lease in Southwark. . . ."

Meanwhile the profession as a whole is disappointed with the contents of the Rating (Exemption of Unoccupied Industrial Heridaments) Regulations 1984, which came into operation on April 1.

First it was seen to include only factories and not warehouses, and local authorities interpreted it very toughly against the ratepayer. From next April it will include warehouses—but empty workshops would still appear to be rateable. Good intentions, it seems, do not always guarantee the best results.

Freeports

In February, the Government chose six freeports from 45 applications. The industry sees them as a good development opportunity which has not yet got off the ground.

Mr Laurie Soden, a partner at Edward Erdman, explains that a freeport is treated as being outside the customs territory of the UK until such time, if ever, goods pass into the home market.

Goods or components destined for non-EEC countries can be shipped from other non-EEC countries, assembled, packaged, relabelled, etc, then forwarded without being considered to have entered the UK and incurring import tax.

Goods may be stored in the area for an indefinite period awaiting, say, the removal or uptake of import quotas, or a market upsurge.

"This would obviously offer advantages of deferred VAT payments and for manufacturers the non-payment of VAT on waste materials would be of great benefit," Mr Soden says.

He concludes that there is clearly great potential for the UK freeports, providing sufficient funds and incentives are available.

Enterprise Zones and Freeports

Escaping the myth of money-hungry tycoons

IN JULY 1980, after 10 years of superboom, superbust and recovery, Mr Nigel Mobbs came to the defence of a property industry which he described as misunderstood, much-aligned and shrouded in myths.

Mr Mobbs was not alone in perceiving the common image of the property developer as a wealthy tycoon solely concerned with maximising short term profits. He felt it necessary to point out that the industry represented the financial interest of millions of investors.

His responsibility was as the then president of the British Property Federation, which represents the interests of property companies—including Slough Estates, headed by Mr Mobbs.

Professional Standards

These days, the accent seems to be more on specific issues, and initiatives. The BPF demonstrated this about a year ago by producing a radical system for building design and construction.

The BPF system aimed to change attitudes within the industry and produce good buildings quicker and cheaper. Other aims included motivation of individual members of building teams, removal of overlap of effort and redefining risks, so the commercial success of the designer and the contractor would depend more on abilities and performance.

The initiative attracted praise and criticism, a healthy reaction to change.

In September this year, the RICS appointed Elaine Cox as secretary for public relations and members' affairs. A new department and a staff of 38 is only part of the effort devoted by the RICS to get people, including its own members, to understand what is going on.

Mr Ian Flanagan, industrial department partner at agents Hillier Parker and a past chairman of the central London branch of the RICS, is still involved in meeting MPs to explain issues.

"Central government is increasingly seeking advice from the RICS, which has had an influential role in advising government departments on residential and commercial property matters," he says.

The shape of industrial building allowances and derating of vacant factories and warehouses were examples.

Mr Flanagan is keen on large concerns providing more lecturers for education and conferences. But the rise in standards provides more work for the RICS.

"We have increased from one university to 21 universities and polytechnics providing degree courses in our profession," he says.

"All these courses have to be approved to provide exemption from RICS examinations."

Meanwhile, the Incorporated Society of Valuers and Auctioneers has been campaigning for new classes of commercial property to be identified in planning legislation. The health of the property industry and the country—is hardly enhanced by a law which recognises tripe shops and blood boilers but ignores hi-tech and leisure centres, it says.

The ISVA did not merely canvass internal opinion. It took a survey of local authorities and private industry, which unanimously agreed that a statutory instrument—rather than central government exhortation — was the right way of dealing with land-use control.

In sum, the industry bodies are attacking problems which would not be associated with money-hungry tycoons or professional hucksters. Image-building may not be the object of some of these exercises, but a difficult job done well is often the best way of achieving it.

William Cochrane

Pump-priming plans show shortcomings

Urban Development Grants

URBAN development grant schemes might be more effective if the sites could be marketed says Mr Nigel Smith, an associate of Drivers Jonas who have published an occasional paper, Inner City Property Investment with Urban Development Grants.

Nigel Smith of Drivers Jonas: "introduce an element of competition"

Mr Smith has returned from secondment to the Inner Cities Directorate of the Department of the Environment, where he advised on the allocation of UDGs. He waited until his return to publish this paper, since his opinions might run contrary to those of the department.

Drivers Jonas is not against UDGs, in principle or in practice. It likes the fact that UDGs are administered on a scheme-by-scheme approach, rather than as a blanket operation.

"We believe that UDGs have great potential, and because of that we have identified what we think are a number of key shortcomings," says Mr Christopher Jonas, managing partner.

The grant effectively primes the pump for marginal inner-city schemes which address special social needs. Applications are submitted to local authorities, which act as sponsors and pay 25 per cent of the grant. The authorities submit applications to the DoE where they are vetted.

The grant can amount to between 16 and 20 per cent of the cost of the development.

Private funding is not easy to find. "In essence, the institutions have failed to meet the challenge of the inner cities," Mr Smith says. "Although several have backed major retail schemes, the number of industrial or office projects they have supported, either directly or indirectly, may be counted on the fingers of one hand."

Most interest in UDGs has come from local property developers and individual entrepreneurs who "are prepared to undertake and profit from high yielding investments in areas where funds fear to tread," Mr Smith says. If institutions will not invest in individual properties, he suggests they should establish a joint fund to undertake high-yielding projects and spread risk.

Mr Smith sees marketing as a method of expanding the scheme. Local authorities would obtain in principle offers of grant before inviting developers to submit competitive design and finance packages which include indications of the minimum UDG each would require. "This would introduce an element of competition and ensure that grant need was minimised."

But the developers' attitudes, too, could be improved. "It is still difficult to persuade many developers that profit and UDG are not mutually exclusive," says Mr Smith.

He believes that profits should be stated clearly so the appraisers will be able to judge whether the developer's share is reasonable. There are no hard and fast rules about that, but the element of risk might have something to do with it.

Until this year, the DoE had committed funds of £60m to £70m in relation to the UDG scheme, to bring forward an investment of £300m, Mr Smith says. When he left the department, the figures were £45m and £180m respectively for 1984-85.

After the approvals of first-round applications were announced, he says the Department was embarrassed to find that a disappointingly large proportion of offers of grant were not taken up. Three principal reasons for this apparent failure rate were:

- A lack of communication between developers and appraisers (since remedied).
- The long delay between submission of applications and decisions to offer grant—"now rarely a problem for well worked-up proposals which receive fast-track appraisal."
- A lack of understanding of the funding market.

William Cochrane

Time to steer clear of dead ends

"THE YEARS ahead could be a time of change, of doubt, or risk and fret, even a time of shock." Mr Idris Pearce, of Richard Ellis, was opening in general terms a talk to a Royal Institution of Chartered Surveyors conference in York.

He soon got down to the particular, and to the role of the chartered surveyor today.

"Changes loom, and surveying practices large and small, as well as surveyors directly in the employ of others, see themselves as having, before long, to choose their futures," he said.

"The moment may be already at hand when we need to look for a way which might lead forward and not into a dead end or a decline."

At the root of the changes, he saw advances in information technology promising fresh opportunities in three main areas: financial services, the structures and systems which chartered surveyors use in their work, and international practice.

He foresaw the entry of American, Continental European and Far-Eastern property advisers into the UK market; after all, plenty of this has already happened in the reverse direction.

Retailers might introduce more "in-store financial service centres," threatening the residential market. And "we shall probably soon see new financial service conglomerates taking direct responsibility for a whole range of service functions geared to property and investment," he said.

"Experience in the U.S. is worth noting in this connection. For example, Sears Roebuck [the world's largest retailer] has set up Sears Financial Services. This new division has already acquired an insurance company, an investment banking house and a coast-to-coast firm of real estate brokers—a string of runners which make the Black Horse stable [Lloyds Bank's residential agency chain] seem very small."

Richard Ellis had not been approached by any potential buyer or investor on a formal basis, Mr Pearce said. "It may be, however, that the practice thinks it may have wings of its own to spread."

Chartered Surveyors

Large practices are not delicate plums for the picking. Jones Lang Wootton has about 1,500 staff and partners worldwide—500 in the UK, 170 in the U.S., 150 in Continental Europe and the remainder in Hong Kong, Singapore, Indonesia, Australia, etc. They occupy 41 offices in 15 countries.

"We are a private partnership," emphasises Mr Keith Douglas-Mann, chairman of JLW. New partners do not buy their way in—they get their shares on merit—and retiring partners give up their shares on leaving.

"Equity partners hold their shares in trust for the future of the firm," says Honor Chapman, the firm's head of research.

Mr Douglas-Mann sees the world-wide practice as a "network of like-thinking people." On takeover approaches, he says: "We live and breathe JLW; it is very hard to think of working for anybody else."

Are potential suitors domestic or foreign? "We have had approaches, or opening gambits," Mr Douglas-Mann says. "But very few have been domestic. It would seem logical that approaches would come from an international organisation."

Should they come at all? Mr David Yorke, senior partner of Weatherall Green & Smith, has his doubts. "I see a lot of sense in the independence of the chartered surveyor/estate agent, providing the firm can fill its client's needs," he says.

"The concept of independent property specialists is one which, in my view, should have everything going for it. We're as efficient, modern, progressive and quick as we can be."

Mr Yorke's talks with other people in similar situations tell him that the chartered surveyor is not ignoring the information technology revolution. "We are conscious of the need to provide computer and performance analyses and of the application of computers generally."

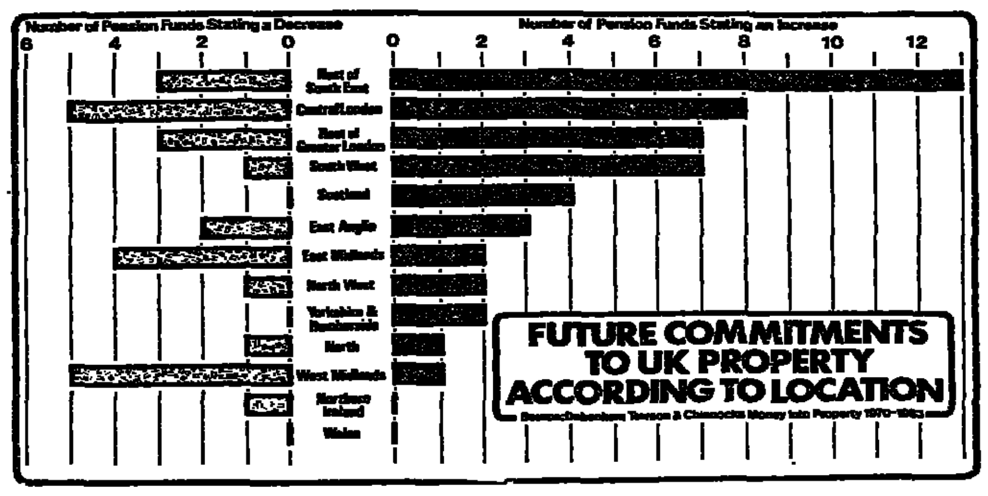
"The financial services revolution—whatever it is—is going to make life more competitive and emphasise the importance of marketing. The days when people just sent out masses of property particulars are not there any more."

On international trends, Mr Pearce saw three main implications for British surveying practices:

- First that there are market opportunities to be seized in providing information and advice to managements which adopt a world perspective.
- Secondly that surveyors should continue to co-operate with comparable and linked professions abroad.
- Finally, that the profession in the UK should anticipate international controls and regulations which will govern the ways it can operate abroad in the future.

In passing, he recalled Mr Paul Ehrlich's view that: "to err is human, but to really foul things up requires a computer."

William Cochrane



"The research function has changed significantly from being largely a vehicle for promoting individual firms, or as a producer of market reports, to being a direct contributor in the servicing of clients."

"The change in balance between supply and demand has made the understanding of occupiers' real accommodation requirements much more important. Research has a major role to play in this learning process."

Peter Evans, head of research, Debenham Tewson & Chinnocks

Hidden depths of study

Research

LIKE the proverbial iceberg, most of the considerable bulk of property research in this country is not seen by the general public.

Honor Chapman, head of research at agents Jones Lang Wootton, says: "The market as a whole, and the Press, see about 10 per cent of what we do. Most of our work is directly client-related."

That means the most interesting work is kept under wraps. JLW publish four main types of work: in-depth, detailed studies, the first of which was their City office report; technical papers, like their annual decentralisation study; regular surveys, such as Central London Offices Research (CLOR) reports; and occasional papers—one on retail warehouse rent reviews is on the way.

This is more than worthy, but it is insensitive information which can be produced by a host of other research organisations. Earlier this year, Property Business magazine detailed the research programmes of 90 commercial organisations involved with the property sector.

Mr Fer Dijkstra, head of research at Knight Frank & Rutley, thinks that agents' research is not in the same league as that of stockbrokers in the equity market.

"Institutions are saying that they want better research," he says. "Most property research is motivated by public relations aspirations and most is of an historic nature—trying to describe what has happened, or is happening."

Hillier Parker's research head, Mr Russell Schiller, welcomes this sort of criticism. "I take it as an encouraging sign, and feel that I am fighting the same battle," he says.

Mr Schiller sees lots of differences and parallels with stockbrokers' analysts. "They are further down the road in their development," he says. "They take a higher share of the gross earnings of their business than research in property."

In the equity markets there is a direct link between research and business earned. "That could happen here," Mr Schiller says. "Institutions are beginning to sell as well as buy and they are becoming increasingly demanding about the quality of advice.

"The name of the game is to improve the quality of advice to the client, and not just to get a good mention in the Press however tempting that might appear."

Mr John Orton, head of research at Richard Ellis, sums up the problem: "The industry realises that its published research is not very good but the way you react depends on where you stand."

"The Government and the Press want to know much more; on the other hand insiders are happy to have the market as it is. By research, they mean research which is confidential to them—so they get the benefit of market anomalies which the analysis discloses."

This is not simply a commercial controversy. Since the middle-to-late 1970s, the rise of the polytechnics has contributed to a large volume of academic interest and activity in the property business. But this appears piecemeal and unco-ordinated, with too few centres identifying and developing a specialisation, according to Mr Tim Stapleton, chairman of the RICS general practice education and membership committee.

Mr Stapleton's contribution came in the second edition of a bibliography of property market research by Douglas Scarrett*. It is symptomatic of the frustration on the academic side of the business.

Mr David Cadman, a fellow of Wolfson College, Cambridge, puts in a last word. "We are ideally placed to study a particular issue over a long period of time but that that is not done by any of us."

* *"Practice-based market research and property indices," by Douglas Scarrett BSc, FRICS. School of Land and Building Studies, Leicester Polytechnic, PO Box 143, Leicester LE1 9BH, Price £5.*

William Cochrane

Catching the eye and the tenants

Architecture

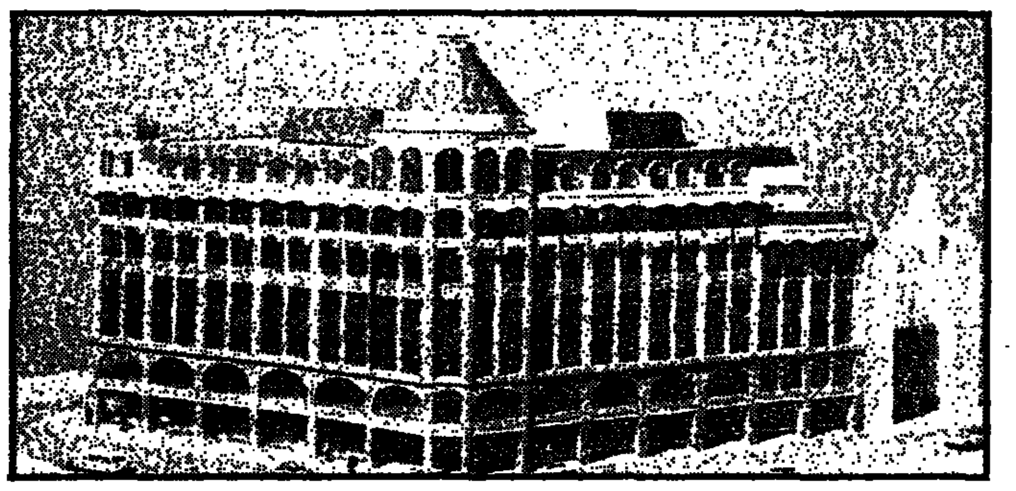
"TASTE is a word that people have been afraid to use," says Mr Jeremy Mackay-Lewis, architect and senior partner of The Whinney Mackay-Lewis partnership. "But why do we have to work in rent-collecting slabs?"

"We are at a very exciting period when society wants, and can afford, better buildings; when it is looking for buildings which will delight the eye.

"For the first time since the war" architects are really being used as architects by their clients; they are being asked to design buildings which will let because of that design, not just because of their location.

"Also for the first time, tenants are prepared to pay higher rents to get a better product; they get better staff and more profitable business in return."

Mr Mackay-Lewis, who says he is "not an architect's architect, more of a people's architect," has had the opportunity to test all this out in his design for Leadenhall Court, a seven-storey office building at the corner of Leadenhall Street and Gracechurch Street, in the City of London, designed for Legal & General.



Leadenhall Court: floor-by-floor variety

Mr Mackay-Lewis is going for something to catch the eye as the building rises floor by floor — bronze metal panels on one, decorative terracotta on the next, — and is grateful for the owner's backing.

"L & G are the third developer for this site," he says. "They thought it so important to incorporate our design criteria that they went back to the planning committee to add a metre to the height of the building."

Retail design, meanwhile, was attacked fiercely by a number of architects at the International Council of Shopping Centres conference in West Berlin this year. Mr Humphrey Wood, of the Renton Howard Wood Levin Partnership, prefers to deal in specifics.

In designing the town centre schemes at Epsom, Surrey, for Bredero, the partnership saw an overriding need for a scheme compatible with what existed—"a high street with most buildings from 100 to 700 years old, two or three storeys, small in scale, rural, the sort of country town development people are used to."

"Therefore they like it, and it is very pleasant," Mr Wood says.

He thinks a complete pastiche, imitating buildings wholesale, would have been offensive. "Making things compatible is not just a matter of imitation. It is much more subtle than that."

Given that the Epsom interior was new and modern, RHWL kept the exterior purposely restrained and largely hidden, "carefully modelled in scale not to overpower the High Street."

Elsewhere, the partnership might feel that some new building might be the right answer. In Stevenage, Hertfordshire, it has designed a centre which is much smaller — about 80,000 sq ft—yet much more prominent than Epsom's 250,000 sq ft.

A modern building will update a typical 1950s town centre which Mr Wood describes as "quite good of its type, but which has been overtaken by modern trends: the wish to make shopping a pleasure, a pastime, with space to sit around in comfort."

"In Epsom the surroundings were an important influence. We see Stevenage in a different context. The surroundings don't have any great antiquity or buildings of special merit, but they are good of their kind. They answered the problem of shopping in the 1950s quite adequately."

Westgate, the name of the new centre, is being built to fill a new role. Three levels of car parking feed into galleries in an atrium with panoramic lifts descending into the mall. It should act as a focal point for existing shopping and for the town as a whole.

William Cochrane

FT COMMERCIAL LAW REPORTS

Reinsurer need not indemnify for costs

INSURANCE COMPANY OF AFRICA v SCOR (UK) REINSURANCE COMPANY LTD. Court of Appeal (Lord Justice Stephenson, Lord Justice Fox and Lord Justice Robert Goff): November 22, 1984

REINSURERS MUST indemnify an inurer who has taken all proper and businesslike steps to settle a claim which he believes to be honest nothwithstanding that it may later prove to have been fraudulent; but where the insurer undertakes in the reinsurance policy to obtain the reinsurers' approval before reaching a settlement, the reinsurers, though bound by the policy to follow the settlement, will not be liable for costs and damages incurred by the insurer as a result of their settlement, will not be of their withholding approval.

The Court of Appeal so held when dismissing in part an appeal by reinsurers, Scor (UK) Reinsurance Co Ltd, from a judgment of Mr Justice Leggatt. The appeal was dismissed unanimously in respect of the judge's decision that the reinsurers were liable to indemnify insurers, Insurance Company of Africa, for their payment of an insurance claim made by order of a Liberian court. It was allowed by majority in respect of his decision that the reinsurers should also pay costs and damages incurred by the insurers in the Liberian action (Lord Justice Stephenson dissenting). An application by the reinsurers for a new trial was refused.

* * *

LORD JUSTICE STEPHENSON said that on February 7 1982 a fire totally destroyed a warehouse and its contents in Monrovia. The lessee had insured the building for $500,000, and the contents for $3m.

After reports by a local loss adjuster and an overseas adjuster the lessee was given full clearance by the insurers. They were anxious to pay the claim. The reinsurers, however, received anonymous letters alleging that the lessee set fire to the warehouse, and they instructed their solicitors to avoid the reinsurance policy.

The insurers did not pay the lessee's claim, and he issued a writ against them in the Liberian court. Their efforts to get evidence from the reinsurers in support of their allegations, with which to defend the claim, were in vain. They were adjudged liable to pay the lessee $3.5m, plus $60,000 damages and $58,000 costs.

The insurers paid, but the reinsurers refused to pay them, alleging that the lessee had caused the fire and his claim was fraudulent.

Before Mr Justice Leggatt the reinsurers failed to prove arson and fraud. Attacks on the *bona fides* of the lessee's claim and on the competence of the local loss adjuster both failed. On the evidence the judge's decision was unassailable.

He rejected a further attack *inter alia* which turned on substantially undisputed facts and the construction of two clauses in the reinsurance policy.

The first was the claims cooperation clause by which the insurers "hereby undertake in arriving at the settlement of any claim, that they will cooperate" with the reinsurers. The second was a clause under which the reinsurers were "to follow the settlements" of the insurers.

At the trial Mr Hunter, for the insurers, argued that the reinsurers were bound to follow any settlement unless they could show lack of good faith or collusion or failure on the part of the insurers to take all proper and businesslike steps to have the amount of the loss fairly and carefully ascertained. The judge adopted that construction.

In *Western Assurance of Toronto [1903] 1KB 376,386* Mr Justice Bigham said that "the reinsurer, when called upon to perform his promise, is entitled to require the reassured first to show that a loss of the kind reinsured has in fact happened; and secondly, that the reassured has taken all proper and businesslike steps to have the amount of it fairly and carefully ascertained. That is all. He must then pay."

That passage was the authority for Mr Hunter's construction of the following settlements clause (see also *Excess Insurance (1925) 31 Com Cas 43*.

Mr Yorke, for the reinsurers, submitted that the lessee's alleged fraud, without any collusion or bad faith on the part of the insurers or the local loss adjuster, entitled the reinsurers to defeat the claim in spite of their obligation to follow the settlements.

That submission was not supported by authority and was rejected.

If the lessee burnt the warehouse he suffered no insured loss and his claim was not genuine. But if his claim appeared to the insurers to be genuine after all proper and businesslike steps had been taken and the insurers honestly believed that he had suffered the loss claimed, they had no alternative but to pay, even if they had not been ordered to do so by a court.

Mr Justice Leggatt concluded that the reinsurers had failed to show lack of good faith or collusion on the insurers' part, andt hat the insurers took all proper and businesslike steps "of which the reinsurers approved to have the amount of the loss fairly and carefully ascertained."

It was a necessary consequence of that finding that the reinsurers were bound to follow the settlement constituted by decision of the court in the Liberian proceedings.

The reinsurers submitted that if they failed on all else, they should succeed in overturning the judge's decision that they were liable for the whole amount awarded in the Liberian court.

The judge implied a term in the policy that they would indemnify the insurers against loss resulting from their refusal to approve a settlement of the lessee's claim. He regarded the loss suffered by the insurers in having to pay what the jury ordered as the reasonably foreseeable result of the reinsurers' refusal.

The follow settlements clause and the claims co-operation clause must be read together as obliging reinsurers to follow only those settlements which they approved, but the effect of the reinsurers not approving the settlement the insurers wanted to make on the basis of their loss adjusters' reports, was to leave the insurers with no alternative but to fight the lessee's claim to judgment.

They were thereby compelled, not merely asked, to do so, and the parties must be taken to have intended that they would do so at the reinsurers' expense, at least to the extent of their proportion of the risk—that expense including every amount within the province of the Liberian court to award.

By their conduct rather than by any implied approval or request the reinsurers took themselves and the resulting settlement outside the scope of the claims co-operation clause, and so brought that forced settlement within those settlements which the reinsurers had contracted to follow. The reinsurers must pay their share of the full amount of the insurers' claim.

The reinsurers' application for a new trial on the ground of fresh evidence was rejected in that none of the evidence, a lot of which was hearsay, was material. It would afford no defence to the reinsurers on the true construction of the follow settlements clause.

The appeal should be dismissed.

LORD JUSTICE ROBERT GOFF agreed that the application for a new trial should be dismissed and that all the defences raised by the reinsurers to the $3.5m claim were rightly rejected by Mr Justice Leggatt. He was unable to agree, however, with the conclusion that the reinsurers were liable to indemnify the insurers against the $658,000.

He said that the effect of a follow settlements clause was that the reinsurer agreed to indemnify insurers in the event that they settled a claim by the assured. The clause presupposed the reinsurers were entitled to rely on the honesty and professionalism of insurers, and so was susceptible of an implication that the insurers must have acted honestly and in a proper and businesslike manner.

If insurers settled a claim, acting honestly and in a proper businesslike manner, then the fact that the reinsurers might thereafter be able to prove the assured's claim was fraudulent, did not of itself entitle reinsurers not to follow the settlement.

There was, however, an inconsistency between a follow settlements clause and an undertaking in a claims co-operation clause. An undertaking not to make a settlement without approval by reinsurers must be intended to circumscribe the power of insurers to make settlements binding on reinsurers, so that they would only be bound to follow a settlement when it received their approval.

A follow settlements clause must be construed in its context in a policy containing a claims co-operation clause, as only requiring reinsurers to follow settlements which had received their approval. That effectively emasculated the follow settlements clause, but was nevertheless what the parties to the policy had agreed.

Under the claims co-operation clause in the present case the insurers had undertaken that no settlement should be made without the approval of the reinsurers. The effect of that undertaking was that if a settlement were made without the reinsurers' approval, it could not be a settlement authorised by the policy. It therefore could not constitute a settlement which the reinsurers were bound to follow under the follow settlements clause.

In the absence of any request by the reinsurers to the insurers to take a particular course of action, they had not agreed to such indemnity. The effect was that the insurers could not rely on the follow settlements clause. They might well be in a very difficult position, but there was no basis for an implied term supporting the judge's conclusion.

LORD JUSTICE FOX agreed that the reinsurers failed to disturb the judgment that they were not entitled to avoid the reinsurance contract, but agreed with Lord Justice Robert Goff that they were not liable to indemnify the insurers against the payment of $600,000 damages and $58,000 costs. So, to that extent the appeal failed.

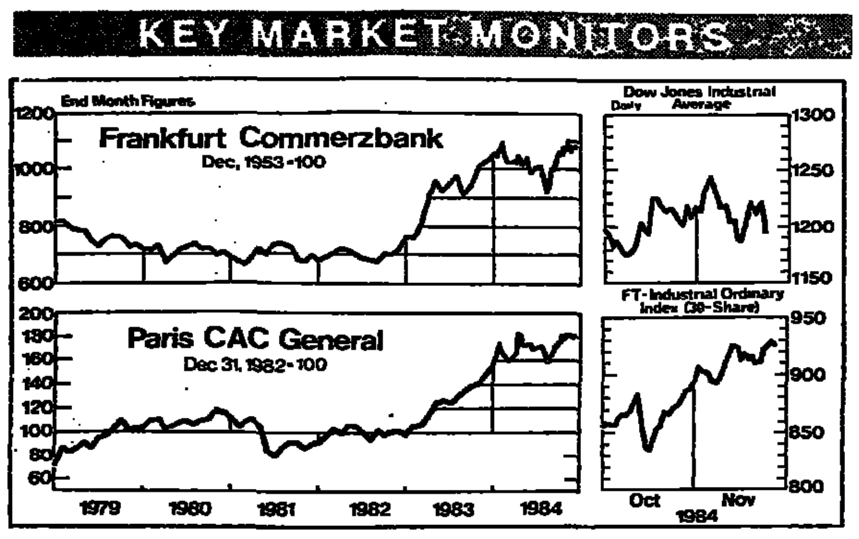
For the insurers: Ian Hunter QC and Steven Gee (Elborne Mitchell and Co).

For the reinsurers: Richard Yorke QC and Stuart Isaacs (Davies Arnold and Cooper).

By Rachel Davies *Barrister*

Estimate of world wheat crop is raised, Page 40

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Nov 29	Previous	Year ago
DJ Industrials	1,193.46	1,205.39	1,287.2
DJ Transport	524.36	528.9	611.08
DJ Utilities	145.16	145.0	136.99
S&P Composite	163.91	165.01	167.91
LONDON			
FT Ind Ord	925.8	929.2	741.1
FT-SE 100	1,187.9	1,187.5	989.5
FT-A All-share	563.2	562.57	459.83
FT-A 500	614.06	613.59	493.56
FT Gold mines	550.5	550.9	562.4
FT-A Long gilt	10.10	10.13	10.12
TOKYO			
Nikkei-Dow	11,366.64	11,248.08	9,256.35
Tokyo SE	872.34	852.93	684.41
AUSTRALIA			
All Ord.	745.3	751.2	745.4
Metals & Mins.	434.1	441.0	551.6
AUSTRIA			
Credit Aktien	58.59	58.52	53.87
BELGIUM			
Belgian SE	157.99	158.23	127.53
CANADA			
Toronto			
Metals & Minls	1,889.6	1,918.0	2,521.0
Composite	2,376.6	2,384.9	2,539.5
Montreal			
Portfolio	118.27	118.43	124.91
DENMARK			
Copenhagen SE	168.62	168.78	194.86
FRANCE			
CAC Gen	181.3	181.5	149.4
Ind. Tendance	120.7	121.3	95.2
WEST GERMANY			
FAZ-Aktien	371.19	373.23	344.32
Commerzbank	1,084.9	1,091.6	1,020.0
HONG KONG			
Hang Seng	1,136.11	1,118.63	857.25
ITALY			
Banca Comm.	214.45	217.17	190.73
NETHERLANDS			
ANP-CBS Gen	177.8	179.4	144.3
ANP-CBS Ind	140.0	140.8	114.9
NORWAY			
Oslo SE	271.55	275.79	202.97
SINGAPORE			
Straits Times	833.87	832.68	918.43
SOUTH AFRICA			
Golds	1,048.5	1,044.2	803.2
Industrials	976.9	977.0	893.7
SPAIN			
Madrid SE	144.02	144.17	124.79
SWEDEN			
J & P	1,348.71	1,364.89	1,485.88
SWITZERLAND			
Swiss Bank Ind	377.10	376.3	360.5
WORLD	Nov 28	Prev	Year ago
Capital Int'l	183.9	184.6	181.2

GOLD (per ounce)

	Nov 29	Prev
London	$331.25	$328.00
Zürich	$331.05	$328.20
Paris (fixing)	$331.34	$329.44
Luxembourg (fixing)	$331.95	$328.45
New York (Dec)	$330.80	$330.80

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Nov 29	Previous	Nov 29	Previous
$	–	–	1.2015	1.2055
DM	3.078	3.07	3.7	3.7
Yen	245.95	245.4	295.5	295.75
FFr	9.42	9.4	11.33	11.3675
SwFr	2.5285	2.52	3.0375	3.04
Guilder	3.4635	3.46	4.1725	4.19
Lira	1,902.5	1,900.0	2,290.5	2,300.0
BFr	61.975	61.65	74.55	74.75
C$	1.32245	1.324	1.586	1.591

INTEREST RATES

Euro-currencies	Nov 29	Prev
(3-month offered rate)		
£	9 13/16	9 13/16
SwFr	5	5⅛
DM	5 11/16	5 11/16
FFr	11	11
FT London Interbank fixing		
(offered rate)		
3-month U.S.$	9 7/16	9¼
6-month U.S.$	9½	9⅜
U.S. Fed Funds	8½	8¾
U.S. 3-month CDs	8.65	8.80
U.S. 3-month T-bills	8.36	8.36

U.S BONDS

Treasury		Nov 29* Price	Yield	Prev Price	Yield
10⅞	1986	100 3/32	10.34	100 1/32	10.34
12¼	1991	104 11/32	11.30	104 17/32	11.27
11⅝	1994	101 12/32	11.39	101 19/32	11.36
11¾	2014	102 15/32	11.44	102 27/32	11.42

Corporate	Nov 28* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	96½	12.25	96½	12.25
3⅞ July 1990	73⅞	10.15	73⅞	10.15
8¾ May 2000	77½	12.00	77½	12.00
Xerox				
10⅞ March 1993	94⅞	11.75	94⅞	11.75
Diamond Shamrock				
10⅜ May 1993	93⅞	11.80	93⅞	11.80
Federated Dept Stores				
10⅜ May 2013	90	11.85	90	11.85
Abbot Lab				
11.80 Feb 2013	97⅛	12.15	97⅛	12.15
Alcoa				
12¼ Dec 2012	99¼	12.35	99¼	12.35

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)				
8% 32nds of 100%				
Dec	72–14	72–27	72–14	72–19
U.S. Treasury Bills (IMM)				
$1m points of 100%				
Dec	91.65	91.74	91.63	91.65
Certificates of Deposit (IMM)				
$1m points of 100%				
Dec	91.04	91.14	91.06	91.02
LONDON				
Three-month Eurodollar				
$1m points of 100%				
Dec	90.73	90.80	90.70	90.65
20-year Notional Gilt				
£50,000 32nds of 100%				
Dec	109–18	109–24	109–10	109–07

COMMODITIES

(London)	Nov. 29	Prev
Silver (spot fixing)	592.10p	595.25p
Copper (cash)	£1,088.50	£1,096.00
Coffee (Nov)	£2,275.50	£2,289.50
Oil (spot Arabian Light)	$27.625	$27.575

WALL STREEET

Anniversary devoid of festivities

UNCERTAINTY over the Treasury's tax plans, as well as over the pace of the U.S. economy, left Wall Street in poor form to celebrate yesterday's 12-month anniversary of its all-time peak, *writes Terry Byland in New York.*

On November 29 last year, the Dow Jones industrial average peaked at 1,287.20. But yesterday, further losses in blue-chip stocks pushed the measure below the 1,200 mark.

An initial weakness in bond prices also discouraged the stock market. The Commerce Department's announcement of a 0.7 per cent fall in its October index of leading indicators was at the steeper end of market predictions, although some bond analysts had hoped for even stronger signs of an economic slowdown.

Selling of stocks was concentrated on the blue-chip issues, with the broader range of the market showing only modest falls. Both the equity and fixed interest markets tried to steady at one time, but the market quietened down as it awaited the latest money supply statistics.

At the close the Dow Jones industrial average was 11.93 points down at 1,193.46, a shade above the day's lowest levels. Turnover was moderate, with 76.3m shares traded. The bond market also abandoned an attempted rally and closed flat, with losses of more than ½ point.

The credit markets believe that the money centre banks will soon cut prime rates again, probably to 11 per cent, and that another reduction in the Federal Reserve's discount rate is also likely.

Bank stocks, which were strong last week, gave a little ground. Chase Manhattan, which led the move to 11¼ per cent prime rates, shed $⅝ to $43½.

The broad range of the industrial stock market saw only light selling, and the blue chips rallied when bond prices steadied.

An intitial spate of selling of motor stocks died away later, leaving General Motors $1¼ off at $75½ and Ford $¼ down at $45⅝. That sector had attracted strong buying last week when bank lending rates began to dip and fell prey to profit-takers yesterday.

IBM fell $1⅛ to $122 after a leading fund manager disclosed that his portfolios no longer held stock in the computer monarch, because of the extremely competitive nature of the computer industry.

Control Data, number two to IBM in the data business, lost $½ to $34⅛, and Burroughs at $53⅞ shed $1. However, Honeywell bucked the trend with a $¼ gain to $57⅞.

The oil sector, battered over the previous two sessions by fears that the Treasury's tax proposals boded ill for their capital investment, steadied yesterday. Chevron weakened $¼ to $33, however, as it began the practical merging of the Gulf Oil acquisition.

Another active feature was Western Union which dipped $⅞ to $10¼ in a further response to confirmation that dividend payments will be missed. Philip Morris, the large cigarette manufacturer, fell $1⅛ to $80 after writing off $140m on a new brewery, mothballed by lack of demand.

In the credit markets, short-term rates moved narrowly behind a federal funds rate still down to 8 9/16 per cent. Near-dated bank certificates of deposit turned lower again, shedding from five to 10 basis points, but Treasury bill rates firmed up as the market absorbed the new issues sold this week. Three-month bills commanded 8.35 per cent, little changed, and six-month bills 8.53 per cent, 1 basis point up.

The bond market was depressed by the weight of newly issued paper which is at present meeting little retail demand. The five-year note sold on Wednesday traded at its auction yield, but the longer dates remained on the downward slope. The price of the key long bond, the 11¾ per cent of 2014, traded 16/32 off at 102 15/32.

HONG KONG

Outcome of land auction spurs rally

A SURGE by Hong Kong stock values took the Hang Seng index up 17.48 to 1136.11 yesterday, its highest point for over seven months, and turnover on the territory's four stock markets amounted to HK$368.34m, the second highest daily trading volume recorded this year, *writes David Dodwell in Hong Kong.*

The impetus came from property developers who on Wednesday gave Hong Kong a powerful vote of confidence in a fiercely contested auction to develop a prime site of government land in Kowloon. The successful bidder, a joint venture between Kumagai Gumi of Japan and Shum Yip, a mainland Chinese group, paid HK$190m for the site – 40 per cent higher than the most optimistic expert forecasts.

The auction, the first held since Britain and China reached agreement on the colony's future after 1997, provided a clear indication that the territory's two-year property slump is past its worst.

Inevitably, property stocks were the market leaders. Sun Hung Kai and Cheung Kong each added 15 cents to HK$7.50 and HK$9.20 respectively.

LONDON

THE EUPHORIA surrounding the British Telecom share flotation, which has bolstered London shares in recent days, was absent yesterday, leaving the FT Industrial Ordinary index to slip 3.4 back from Wednesday's all-time high to 925.8.

Measuring the broader market, however, the FT-SE 100 index managed a 0.4 rise to a record 1,197.9 close.

Chief price changes, Page 34; Details, Page 35; Share information service, Page 36–37

AUSTRALIA

LINGERING worries about world bullion prices kept resource issues under pressure in Sydney, and the All Ordinaries index dipped 6 to 745.3.

Among the sharply lower gold miners, Kalgoorlie shed 30 cents to A$5.80 and Renison 5 cents to A$3.65.

SOUTH AFRICA

GOLD shares held on to modest early gains in quiet Johannesburg trading, despite the weak bullion price.

Among mining financials, Anglo American put on 10 cents to R24.80 with its higher first half profits in line with market expectations.

SINGAPORE

AN UNCERTAIN mood prevailed in Singapore, where shares closed mixed after some buying interest and profit-taking had been seen in quiet trading. The Straits Times industrial index rose 1.19 to 833.87.

EUROPE

Washington distresses steelmakers

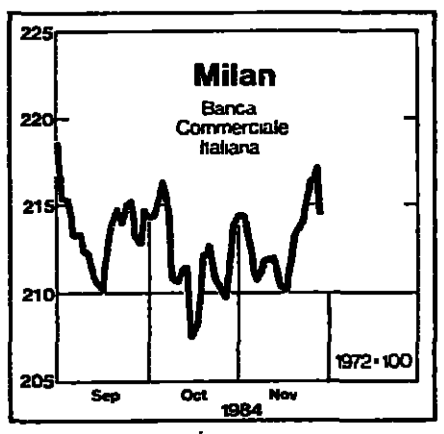
STEELMAKERS saw sharp declines in their shares on the European bourses yesterday as a result of the U.S. decision to halt imports of steel pipes and tubes from EEC countries, with the prospect of only limited shipments being allowed in the New Year when the ban ends.

Although the day's trading tone was weaker generally, losses in the steel sector were significantly more pronounced – ranging from about 1½ to nearly 4 per cent – as investors attempted to assess the immediate impact on each company and the implications of a possibly prolonged trade war involving the sector.

Reflecting these concerns Hoogovens fell Fl 2 to Fl 62, Klöckner DM 2.50 to DM 67, Hoesch DM 1.50 to DM 98.50 and Thyssen DM 1.30 to DM 78.50, while Arbed shed BFr 40 to BFr 1,665, Cockerill-Sambre BFr 9 to BFr 279 and Finsider L1.25 to L45.75.

The overall **Frankfurt** result, though, as in many centres, was lower but reasonably well supported. Overseas buying interest remained in evidence, and most sectors ended off the day's worst.

Dresdner Bank's results fell within expectations and left it steady at DM 188.50 in a mixed sector, where



Deutsche Bank firmed 80 pfg to DM 380 but Commerzbank dipped DM 1.80 to DM 174.

Engineering issues, also distressed by the steel clampdown, could draw no benefit from industry figures showing an October orders boost. Mannesmann lost DM 2.70 to DM 146 and GHH DM 2 to DM 152.50.

Domestic bonds finished with a firmer bias, allowing the Bundesbank to sell DM 11.3m in paper.

Amsterdam featured heavy demand for insurer Amev, up Fl 1.50 to Fl 200.50 on its results and bullish forecast. This took it to another high for the year after a cumulative rise this week of Fl 7.70, or just under 4 per cent. Aegon was buoyed Fl 1 to Fl 136, although still Fl 10 off its year's peak.

Subdued **Milan** dealings, leaving the Banca Commerciale index 2.72 lower at 214.45, were attributed to the controversial changes being enacted in the Italian tax regime. After-hours business generally brought further falls, but by the official close Fiat was off L36 at L1,895 and Olivetti L45 at L5,915. Bonds firmed, however.

Wary **Paris** trading left Bouygues with an above-average fall, down FFr 27 to FFr 665, but Peugeot at FFr 233 picked up FFr 8 for a gain this week of FFr 23, or nearly 11 per cent.

A firmer outcome was managed in **Zurich,** although a predominance of domestic buying often meant that registered shares advanced while their bearer counterparts failed to move – Swiss Re registered put on SwFr 70 to SwFr 7,780 but in bearer form held at SwFr 7,700. Bonds were little changed.

Profit-taking called a halt to the week's **Stockholm** *revival,* pulling Saab Scania SKr 10 lower to SKr 450 and Esselte down SKr 8 to SKr 267.

Brussels drifted lower amid rights issues by its two largest industrial and financial holdings, Société Générale dipping BFr 10 to BFr 1,780 and Groupe Bruxelles Lambert BFr 35 to BFr 2,065, against rights offer levels of BFr 1,550 and BFr 1,825 respectively.

Property issues led **Madrid** lower.

TOKYO

Financial issues forge ahead

HEAVY BUYING of stocks in leading city banks triggered purchases of other financial issues in Tokyo yesterday, boosting share prices close to an all-time high, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average rocketed 118.56 to 11,366.64, only 7.44 short of the record registered on November 5. Trading remained high at 516.10m shares, although down from Wednesday's 681.26m. Gains outpaced losses 388 to 362, with 130 issues unchanged.

The market, buoyed by Wednesday's active trading, saw investors flock to financial institutions. The Tokyo Stock Exchange's announcement the day before designating the top nine city banks as margin trading issues with effect from December 10 caused speculative buying.

Sumitomo Bank scored a daily limit gain of Y200 to close at Y1,450 with large buy orders left unexecuted, while five other city banks among the top nine – Dai-Ichi Kangyo, Mitsubishi, Fuji, Sanwa and Tokyo – also chalked up the day's limit increases.

This helped push up other banks, with Industrial Bank of Japan finishing at Y725, up Y100, another daily limit advance. Leading brokerage houses also firmed, notably Nomura Securities which gained Y37 to Y807.

Non-life insurance stocks advanced on continued small-lot buying by non-residents. Sumitomo Marine and Fire closed Y9 up at Y633, Taisho Marine and Fire Y14 higher at Y390 and Nippon Fire and Marine Y37 up at Y392.

Investors also continued to seek incentive-backed issues. The bid price for Mochida Pharmaceutical registered a Y500 daily limit gain for the second consecutive day to Y12,370, but no contracts were concluded, with buy orders far outstripping sell orders by 53m shares to 78,000.

Blue chips declined, with Fuji Photo shedding Y30 to Y1,520 on small-lot selling.

On the bond market, prices of listed government issues due in about nine years recorded new highs.

Financial institutions and securities houses bought and sold in rapid succession to reap profits, pushing down the yield on the benchmark 7.3 per cent government bond maturing in December 1993 to 6.580 per cent for the first time.

CANADA

A BROADLY BASED decline was seen in Toronto as the market took its lead from Wall Street's early performance. The gold sector proved the only major stock grouping to manage a strong advance.

Montreal was also easier overall although marginal improvements were scattered among industrials, utilities and banks.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
23½	13¾	AAR	.48	2.4	17	[illegible]	22¾	19¾	[illegible]	[illegible]
39½	9½	AGS			2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17⅞	13½	AMF	.50	3.4	52	[illegible]	[illegible]	[illegible]	[illegible]	
41⅛	24¾	AMR			5	[illegible]	[illegible]	[illegible]	[illegible]	
20½	19¾	AMR	[illegible]	[illegible]	[illegible]	7	[illegible]	[illegible]	[illegible]	[illegible]
41½	27½	AMR	[illegible]	[illegible]	[illegible]	[illegible]	34	[illegible]	[illegible]	[illegible]
25⅝	22⅞	AMR	[illegible]	[illegible]	[illegible]	1	23	23	23	[illegible]
15¼	8½	APL			3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71⅛	40⅜	ARA	[illegible]	[illegible]	14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63⅝	44½	ASA	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30⅜	16½	AVX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48⅞	35⅛	AbtLab	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22⅛	15½	AccoWd	[illegible]	[illegible]	[illegible]	54	[illegible]	[illegible]	[illegible]	[illegible]
27¼	12½	AcmeC	.40	2.9		25	[illegible]	14	14	[illegible]
12⅛	8¼	AcmeE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
16¼	15	AdaEx	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
18⅞	11⅞	AdmMl	.32	2.2	7	[illegible]	[illegible]	[illegible]	[illegible]	
22	12½	AdvSys	[illegible]	[illegible]	12	80	[illegible]	[illegible]	[illegible]	[illegible]
41¼	25½	AMD			12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14⅞	7⅞	Advest	.12	1.6		53	[illegible]	[illegible]	[illegible]	[illegible]
16¼	8¼	Aeflex			11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39	27¼	AetnLf	2.64	7.8	29	1223	[illegible]	[illegible]	[illegible]	[illegible]
58¾	52⅞	AetL	pf5.73e	10		2	[illegible]	[illegible]	[illegible]	[illegible]
34½	15¾	Ahmns	1.20	4.9	[illegible]	[illegible]	25	[illegible]	[illegible]	[illegible]

B-B-B

C-C-C

D-D-D

E-E-E

F-F-F

G-G-G

H-H-H

I-I-I

J-J-J

K-K-K

L-L-L

M-M-M

N-N-N

O-O-O

P-Q

Continued on Page 33

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

[illegible]

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AUSTRIA

Nov. 29	Price Sch	+ or −
Creditanstalt	227	.....
Goesser	329	−1
Interunfall	394	+3
Laenderbank	227	−1
Perlmooser	362	.....
Steyr-Daimler	159	.....
Veitscher Mag.	242	−1

BELGIUM/LUXEMBOURG

Nov. 29	Price Frs.	+ or −
B.B.L.	1,840	−10
Banq. Int. A. Lux	5,500	+25
Bekaert B	4,400	.....
Ciment CBR	2,535	+5
Cockerill	279	−9
Delhaize	5,780	−10
EBES	2,850	+20
Electrobel	6,600	+10
Fabrique Nat	2,150	−20
GB Inno BM	3,060	−15
GBL (Brux)	2,065	−35
Gevaert	3,600	.....
Hoboken	6,050	−40
Intercom	2,185	−15
Kredietbank	7,450	−50
Pan Hldgs.	9,900	.....
Petrofina	7,100	−100
Royale Belge	10,100	.....
Soc. Gen. Banq	5,290	−10
Soc. Gen. Belge	1,780	−10
Sofina	7,700	−30
Solvay	4,105	−35
Stanwick Intl.	1,430	.....
Tractionel	3,895	+25
UCB	4,860	+20
Wagon Lits	2,385	−35

DENMARK

Nov. 29	Price Knr %	+ or −
Andelsbanken	265	−3
Baltic Skand	660	.....
CopHandelsbank	271	−3
D. Sukkerfab	530	.....
Danske Bank	269	−3
De Danske Luft	1,065	−35
East Asiatic	159	−2
Forenede Brygg.	755	.....
Forenede Damp.	99	.....
GNT Hldg	385	+12
I.S.S.B.	405	+1
Jyske Bank	499	−6
Novo Ind.	1,375	+10
Privatbanken	257	−5
Provinsbanken	338	−2
Smidth (F)	228	.....
Sophus Berend	905	.....
Superfos	413	−2

FRANCE

Nov. 29	Price Frs.	+ or −
Emprunt 4½% 1975	1,646	−8
Emprunt 7% 1973	8,975	+12
Accor	243	.....
Air Liquide	558	+6
BIC	499	−4
Bongrain	1,748	+25
Bouygues	665	−27
BSN Gervais	2,461	−54
CIT-Alcatel	1,352	+12
Carrefour	1,811	−27
Club Mediter'n	1,057	−19
Cie Bancaire	680	−3
Cofimeg	242.5	+1.5
Damart	2,300	−20
Darty	1,170	+23
Dumez S.A.	642	−7
Eaux (Cie Gen)	531	.....
Elf-Aquitane	227	+3
Essilor	2,835	−10
Gen. Occidentale	667	.....
Imetal	78.9	−2.1
Lafarge Coppee	380.1	−2.9
L'Oreal	2,401	−39
Legrand	1,970	−12
Maisons Phenix	183.5	−11.5
Matra S.A.	1,650	−25
Michelin B	770	−5
Midi (Cie)	1,973	−32
Moet-Hennessy	1,811	−34
Moulinex	84.1	+0.1
Nord Est	70.4	+0.9
Pernod Ricard	735	−10
Perrier	502	+1
Petroles Fra	243.5	+2
Peugeot S.A.	233	+8
Printemps Au	191.5	−2.5
Radiotech	236	+6
Redoute	1,350	−5
Roussel-Uclaf	1,630	+15
Sefimeg	279	−4
Skis Rossignol	1,730	+30
Telemech Elect	2,115	.....
Thomson CSF	385	−2.5
Valeo	345	+3.9

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

GERMANY

Nov. 29	Price Dm.	+ or −
AEG-Telef	105	−0.5
Allianz Vers	1,030	.....
BASF	173.4	−0.6
Bayer	184.3	−0.6
Bayer-Hypo	320.5	−3
Bayer-Verein	331	−2
BHF-Bank	279	−1.5
BMW	368	−4.8
Brown Boveri	204	−0.5
Commerzbank	174	−1.8
Cont'l. Gummi	116.2	−1
Daimler-Benz	569	+3
Degussa	358	.....
D'sche Babcock	152	+1
Deutsche Bank	380	−0.8
Dresdner Bank	188.5	.....
GHH	152.5	−2
Hochtief	470	.....
Hoechst	182	−1
Hoesch Werke	98.5	−1.5
Holzmann (P.)	364	−1
Horten	185	+1.5
Hussel	285	−3
Karstadt	251.5	+1.5
Kaufhof	235.5	+0.5
KHD	249.5	.....
Kloeckner	67.0	−2.5
Linde	369	+0.5
Lufthansa	174	−2
MAN	146.5	−1.5
Mannesmann	146	−2.7
Mercedes Hld	497	+2
Metallgesell	213	−5
Munech Rueck	1120	−60
Nixdorf	525.5	−3
Porsche	1013	−4
Preussag	253.5	−2.5
Rhein West Elect	165	.....
Rosenthal	248.2	−2.8
Schering	412	+3
Siemens	452	−2
Thyssen	78.5	−1.3
Varta	177.5	−2
Veba	171	−0.1
V.E.W.	123.5	+1.1
Verein-West.	294	−1
Volkswagen	198.6	−0.9

ITALY

Nov. 29	Price Lira	+ or −
Banca Com'le	15,450	−350
Bastogi-IRBS	121	−2.5
Centrale	2,155	−10
Credito Varesino	3,840	−20
Fiat	1,895	−36
Finsider	47.75	+1.25
Generali Assicur.	31,490	−700
Invest	2,920	−10
Italcementi	64,050	+50
La Rinascenti	497	−3
Montedison	1,231	−10
Olivetti	5,915	−45
Pirelli Co.	3,335	−27
Pirelli Spa	1,774	−17
Snia BPD	1,986	−42
Toro Assic.	11,890	−190
do. Pref.	8,750	−259

NETHERLANDS

Nov. 29	Price Fls	+ or −
ACF Holding	187	−2
AEGON	136	+1
Ahold	183.5	+1
AKZO	94.1	−2.1
ABN	344.2	−0.8
AMEV	200.5	+1.5
AMRO	63.9	−0.3
Bredero Cert.	160	−0.5
Bos Kalis Westm.	13.9	+0.7
Buehrmann Tet.	67	−0.6
Calland Hldgs.	31	−0.5
Dordtsche Pet'm	152.5	−0.3
Elsevier-NDU	114.5	−2.5
Fokker	72.7	−0.3
Gist Brocades	162.2	−0.3
Heineken	142.8	−1.7
Hoogovens	62	−2
Int Mueller	35.8	.....
KLM	42.7xc	−1
Naarden	46	.....
Nat Ned Cert.	242.5	−0.5
Ned Mid Bank	145.5	−1.0
Nedlloyd	160	−2
Oce Grinten	276	−3
Ommeren (Van)	27.8	−2.0
Pakhoed	68	−1.5
Philips	54	−0.6
Robeco	67.6	−0.1
Rodamco	136.6	−0.2
Rolinco	62.3	−1.7
Rorento	44.4	.....
Royal Dutch	166.7	−1.5
Unilever	292.5	−3
VMF Stork	151.9	−1.1
VNU	199.5	+2
West Utr Bank	120.5	+1.5

NORWAY

Nov. 29	Price Kroner	+ or −
Bergens Bank	157	.....
Borregaard	287.5	−11.5
Christiania Bank	155.5	.....
DenNorske Cred	161	+3
Elkem	115	−3.5
Kvaerner	167.5	.....
Norsk Data	267.5	−2.5
Norsk Hydro	185.5xa	+0.5
Storebrand	195	.....

SPAIN

Nov. 29	Price Pta %	+ or −
Bco Bilbao	319	.....
Bco Central	328	−1
Bco Exterior	201	.....
Bco Hispano	219	−1
Bco Popular	382	.....
Bco Santander	331	−1
Dragados	161.5	−1
Hidrola	77.7	+0.5
Iberduero	84.7	−0.5
Petroleos	152.5	+0.3
Telefonica	94.7	.....

SWEDEN

Nov. 29	Price Kronor	+ or −
AGA	340	+2
Alfa-Laval	185	−5
ASEA (Free)	355	.....
Astra (Free)	325	+5
Atlas Copco	99	−1
Cardo (Free)	215	.....
Cellulosa	116	.....
Electrolux B	228	−3
Ericsson	276	−2
Esselte	267	−8
Mo Och Domsjo	258	−4
Pharmacia	190	+3
Saab Scania Free	450	−10
Sandvik	345	.....
Skandia	326	−7
Skan Enski'da	65	.....
SKF	162	.....
St Kopperbergs.	152	+2
Sven Handlesbn.	187	.....
Swedish Match	249	−1
Volvo B (Free)	217	−3

SWITZERLAND

Nov. 29	Price Fra.	+ or −
Alusuisse	750	+9
Bank Leu	3,720	.....
Brown Boveri	1,340	+5
Ciba Geigy	2,445	+5
do. (Part Certs).	1,970	.....
Credit Suisse	2,300	+5
Elektrowatt	2,500	.....
Fischer (Geo.)	602	.....
Hoff-RochePtCts	87,125	.....
Hoff-Roche 1/10.	8,725	+25
Jacobs Suchard.	6,100	.....
Jelmoli	1,880	−10
Landis & Gyr	1,500	−10
Nestle	6,310	+20
Oer-Buehrle	1,300	−10
Pirelli	248	.....
Sandoz (Br)	7,200	+200
Sandoz (PtCts)	1,135	.....
Schindler (PtCts)	635	.....
Sika	1,040	+10
Surveillance	3,705	+10
Swissair	1,027	+2
Swiss Bank	354	+2
Swiss Reinsce.	7,700	.....
Swiss Volksbk.	1,460	.....
Union Bank	3,500	+15
Winterthur	3,290	.....
Zurich Ins.	17,900	.....

AUSTRALIA

Nov. 29	Price Aust $.	+ or −
ANZ Group	5.18	−0.02
Alliance Oil Dev.	1.05	.....
Ampol Pet.	1.8	.....
Ashton	0.85	.....
Aust Cons Ind.	1.9	−0.01
Aust. Guarantee	2.85	.....
Aust. Nat. Inds.	2.48	−0.02
Aust. Paper	2.2	.....
Bell Group	5.5	−0.1
Bell Res.	4.75	−0.05
Bond Corp Hldgs	1.66	−0.01
Boral	3.1	−0.04
Bougainville	2.35	+0.05
Brambles Inds.	3.4	+0.05
Bridge Oil	2.35	−0.15
B.H. Prop.	10.5	−0.15
CRA	5.0	−0.06
CSR	2.88	−0.01
Carlton Utd.	4.40	.....
Castlemaine Tys.	6.0	.....
Coles (G.J.)	3.98	−0.04
Comalco "A"	2.38	−0.07
Consolidated Pet	0.59	−0.01
Costain Aust.	1.4	.....
Dunlop Aust.	1.9	+0.03
Elders IXL	3.35xc	−0.02
Energ. Res.	1.45	.....

AUSTRALIA (continued)

Nov. 29	Price Aust. $	+ or −
Gen Prop Trust	2.2	.....
Hardie (James)	3.1	−0.05
Hartogen Energy	2.5	.....
Herald W'yTimes	3.45	.....
ICI Aust.	2.04	−0.01
Jimberlana F.P.	0.45	.....
Kia Ora Gold	0.15	.....
Lend Lease	5.58	−0.02
MIM	2.5	−0.05
Mayne Nickless	3.38	−0.05
Myer Emporium	1.63	−0.01
Nat. Aust. Bank	3.48xc	−0.04
News	9.4	.....
Nicholas Kiwi	5.1	.....
North Bkn Hill	2.16	−0.02
Oakbridge	0.66	.....
Pancont'l	1.13	−0.05
Pioneer Conc.	1.65	−0.01
Poseidon	3.35	−0.05
Queensland Coal	1.14	.....
Reckitt & Coln.	3.1	.....
Repco	1.2	−0.01
Santos	6.06	.....
Smith (Howard)	3.45	−0.15
Thos. Natwide.	1.76	−0.04
Tooth	5.9	.....
Vamgas	3.5	−0.05
Western Mining	3.08	−0.05
Westpac Bank.	3.92	−0.01
Woodside Petrol.	*1.07*	*−0.03*
Woolworths	2.58	−0.05
Wormald Intl	3.04	−0.01

HONG KONG

Nov. 29	Price H.K.$	+ or −
Bank East Asia	23.0	−0.2
Cheung Kong	9.2	−0.15
China Light	12.1xa	−0.3
Evergo	1.5	−0.01
Hang Seng Bank.	41.25	−0.5
HK Electric	6.55	−0.05
HK Kowloon Wh.	4.7	−0.15
HK Land.	3.75	−0.03
HK Shanghai Bk.	7.35	−0.05
HK Telephone.	49.0	−0.5
Hutchison Wpa.	15.9	−0.3
Jardine Math.	8.6	.....
New World Dev.	4.22	+0.1
Orient O'seas.	2.8	.....
Oseas Trust Bk.	2.57	−0.02
SHK Props.	7.5	+0.2
Shell Elect.	1.74	.....
Swire Pac A.	20.5	+0.6
TV—B	4.92	+0.03
Wheel'k Mard A.	3.8	+0.05
Wheel'k M'time	1.48	.....
World Int. Hldgs.	1.48	−0.07

JAPAN

Nov. 29	Price Yen	+ or −
Ajinomoto	1,090	−10
Alps Electric	2,000	−10
Amada	1,080	−20
Asahi Chem.	572	−4
Asahi Glass	862	−3
Bridgestone	543	−2
Canon	1,540	−20
Casio Comp.	1,600	−20
Chugai Pharm.	1,080	−20
Citizen	590	−5
Daiei	635	.....
Dai Nippon Ptg	1,010	.....
Daiwa House	583	−17
Ebara	341	−1
Eisai	1,340	−20
Fanuc	11,000	−160
Fuji Bank	1,210	+200
Fuji Film	1,520	−30
Fujisawa	1,000	−20
Fujitsu	1,380	−20
Green Cross.	1,620	−10
Hasegawa	355	.....
Heiwa Real Est	677	+1
Hitachi	843	−7
Hitachi Credit.	1,040	.....
Honda	1,220	−10
House Food	715	.....
Hoya	2,450	−20
Itoh (C)	296	+9
Ito. Yokado	2,530	+20
Iwatsu	1,420	−30
JACCS	319	−1
JAL	[illegible]	[illegible]
Jusco	765	+29
Kajima	378	−5
Kao Soap	796	−1
Koshiyama	630	−4
Kirin	560	−4
Kokuyo	920	−10
Komatsu	418	+3
Konishiroku	565	−8
Kubota	378	+3
Kumagai	415	+3
Kyoto Ceramic	7,200	−110
Maeda Const	470	+10
Makino Milling	1,260	+20
Makita	1,160	−20
Marubeni	309	−12
Marudai	839	+8
Marui	1,050	−10
M'ta Elec Ind	1,490	+10
M'ta Elec Works.	625	−7
M'bishi Bank	1,250	+200
M'bishi Corp	560	−10
M'bishi Elec.	408	−7
M'bishi Estate	517	−8

JAPAN (continued)

Nov. 29	Price Yen	+ or −
MHI	240	.....
Mitsu. Co	338	+16
Mitsui Estate	675	−7
Mitsukoshi	347	.....
NGK Insulators	965	−5
Nihon Cement	200	−4
Nippon Denso	1,410	.....
Nippon Elect	1,220	−20
Nippon Express	346	−2
Nippon Gakki	1,540	−50
Nippon Kokan	140	−2
Nippon Oil	847	−2
Nippon Seiko	675	−5
Nippon Shimpan	555	−10
Nippon Steel	149	−1
Nippon Suisan	320	−4
NTV	12,900	.....
Nippon Yusen	241	−6
Nissan Motor	620	−6
Nisshin Flour	547	−12
Nisshin Steel	168	−1
Nomura	807	−37
Olympus	1,130	−40
Orient Leasing	3,380	−10
Pioneer	2,470	+70
Renown	645	.....
Ricoh	953	−12
Sankyo	900	−7
Sanyo Elect.	462	+3
Sapporo	383	−2
Sekisui Prefab	*583*	*−2*
Seven Eleven	9,290	.....
Sharp	1,040	−10
Shimadzu	835	−10
Shionogi	685	.....
Shiseido	1,150	−10
Sony	3,620	−70
Stanley	937	−23
S'tomo Bank	1,450	+200
S'tomo Elect	975	−10
S'tomo Marine	633	+9
S'tomo Metal	147	.....
Taihei Dengyo	485	−5
Taisei Corp	200	−5
Taisho Pharm.	935	.....
Takeda	768	−3
TDK	4,860	−90
Teijin	415	+2
Teikoku	665	.....
Tokyo Marine	705	−3
TBS	803	−6
Tokyo Elect Pwr	1,330	+20
Tokyo Gas	160	−2
Tokyo Sanyo	690	−18
Tokyo Style	716	−4
Tokyu Corp.	308	−8
Toppan Print	904	−3
Toray	413	+3
Toshiba Elect.	415	−7
TOTO	635	+15
Toyo Seikan	649	.....
Toyota Motor	1,220	+10
Victor	1,880	−20
Wacoal	740	.....
Yamaha	635	−15
Ym'nouchi	1,800	−50
Yamazaki	701	−9
Yasuda Fire	359	−1
Yokogawa Bdge.	429	−4

SINGAPORE

Nov. 29	Price $	+ or −
Boustead Hldgs.	1.98	−0.02
Cold Storage	2.84	−0.01
DBS	6xa	−0.1
Genting	4.98	−0.02
Haw Par. Bros.	2.05	−0.03
Hong Leong Fin.	3.06	.....
Inchcape Bhd.	2.45	.....
Keppel Shipyard	1.75	.....
Malay Banking	6.85	.....
Malay Utd. Ind	2.38	−0.02
Multi Purpose.	0.95	−0.01
OCBC	9.2	.....
OUB	4.12	−0.06
Public Bank	1.77	−0.04
Sime Darby	1.85	−0.04
Straits Trdg	5.0	.....
Tat Lee Bk.	2.98	.....
UOB	4.44	−0.02

SOUTH AFRICA

Nov. 29	Price Rand	+ or −
Abercom	1.47	.....
AE&CI	7.85	.....
Anglo Am Coal	40.5	.....
Anglo Am Corp	24.8	−0.1
Anglo Am Gold	169.5	+4.5
Barclays Bank	19.75	−0.15
Barlow Rand	11.45	−0.1
Buffels	79	.....
CNA Gallo	6.4	.....
Currie Finance	4.5	.....
De Beers	8.3	−0.02
Driefontein	52.5	+0.5
Gencor	45.25	.....
Gold Fields SA	28.5	.....
Highveld Steel	4.6	.....
Nedbank	13.45	.....
OK Bazaars	16.5	.....
Protea Hldns	1.9	+0.1
Rembrandt	21.6	.....
Rennies	14	−0.25
Rust Plat	16.2	−0.1
Sage Hldgs	7.15	+0.05
SA Brews	6.9	−0.85
Smith CG	23.0	.....
Tongaat Hulett	8.15	.....
Unisec	4.7	−0.2

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hds)	High	Low	Last	Chng
[illegible]					

Continued on Page 42

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES

Amersham Intl	343	+8
Beecham	283	+8
Bell (A)	152	+7
BP	501	+9
Bristol	216	+6
Cable & Wire	425	+22
Lancs Paper	111	+8
Hargreaves	90	+6
Hoskins & Hort	283	+13
Martin (RP)	310	+20
Rowntree Mack	364	+18
Royal Bk Scot	238	+8
Saxon Oil	480	+38
Scapa	300	+32
Shell Trans	643	+13
600 Group	94	+6
Utd Wire	113	+9

FALLS

BOC	260	−7
BPB Inds	270	−10
Centreway Trust	90	−20
Dowson Intl	258	−6
Extel	285	−23
GKN	184	−4
Habitat Moth	374	−18
Hawker Sidd	380	−10
Lloyds Bank	520	−10
Redland	285	−10
Rolfe & Nolan	135	−25
Steinberg	73	−8
Woolworth	577	−18

CANADA

TORONTO
Closing prices November 29

Sales	Stock	High	Low	Close	Chng
[illegible]					

MONTREAL
Closing prices November 29

Sales	Stock	High	Low	Close	Chng
[illegible]					

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 33

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Quote	Close Prev. Quote	Ch'ge
[illegible]											

NEW YORK-DOW JONES

	Nov 29	Nov 28	Nov 27	Nov 26	Nov 23	Nov 21	1984 High	1984 Low	Since Compilation High	Since Compilation Low
Industrials	1,193.46	1,205.28	1,220.19	1,212.35	1,220.38	1,201.52	1286.64 (8/1)	1086.57 (24/7)	1297.70 (8/1)	41.22 (2/7/32)
Transport	524.36	526.90	536.20	531.78	532.90	523.58	612.63 (6/1)	444.83 (25/7)	612.63 (6/1)	12.32 (8/7/32)
Utilities	145.15	145.21	145.60	144.65	145.72	143.67	149.29 (6/11)	122.25 (15/6)	163.32 (20/4/69)	10.5 (28/4/42)
Trading vol	25.3m	95.47m	79.52m	73.91m	81.52m					

	Nov 9	Nov 2	Oct 26	Year Ago (Approx)
Ind Div Yield %	4.75	4.91	4.78	4.46

N.Y.S.E. ALL COMMON

RISES AND FALLS

	Nov 29	Nov 28	Nov 27
Issues traded	2,001	2,010	2,007
Rises	577	901	852
Falls	908	634	651
Unchanged	516	475	494

Indices

STANDARD AND POORS

[illegible]							

TORONTO

[illegible]							

LONDON STOCK EXCHANGE

MARKET REPORT

Equity markets mark time awaiting British Telecom

Index eases 3.4 to 924.8

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov 12	Nov 22	Nov 23	Dec 3
Nov 26	Dec 6	Dec 7	Dec 17
Dec 10	Dec 20	Dec 21	Jan 7

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equity markets were looking a little jaded yesterday as the recent euphoria surrounding the remarkable success of the British Telecom public share offer gave way to more fundamental market pointers.

The overnight setback on Wall Street provided the cue for dealers to lower opening quotations of blue chip industrials, while a rather gloomy forecast of UK economic prospects from the National Institute of Economic and Social Research also tended to dampen sentiment.

Trading conditions were extremely slow as operators appeared content to await next Monday's 3.00 pm start of dealings in British Telecom and most leading issues rarely strayed from lower opening levels until the late dealings. Profit-taking was evident in some sectors but selling overall was usually light.

A small improvement after-hours, despite early lower indications yesterday from Wall Street, left the Financial Times Ordinary share index above the day's worst with a fall of 3.4 at 925.8 from Wednesday's all-time peak.

Stores claimed a considerable amount of attention, particularly Currys and Dixons, as the latter appeared to be nearing victory in the hard-fought bid battle between the two companies.

Oil shares took a distinct turn for the better on the appearance of buyers in the late dealings, while company trading statements resulted in a number of good features.

Trade in Government securities remained extremely thin. Nevertheless, the Chancellor's encouraging statement on the outlook for interest rates and his determined stance on reducing inflation gave a boost to underlying sentiment. Quotations closed around ¼ better throughout the list.

Clearers dip & rally

Details of the Bank of England's proposed new debt regulations for banks unsettled the major clearers. Dealers marked prices sharply lower at the outset and at one stage falls ranged to 17. However, a rally ensued and quotations closed above the lowest levels. Lloyds recovered from 517p to finish 10 easier at 520p, while NatWest ended only a few pence off at 575p, after 567p. Midland relinquished 5 to 350p, after 347p; the bank yesterday unveiled its plans for free banking services to its current account customers and for Saturday morning opening. Barclays recovered from 514p to end the day a net 2 better on balance at 527p. Elsewhere, Royal Bank of Scotland advanced 8 to 238p, after 240p, in response to the better-than-expected results. Guinness Peat, recently unsettled by rumours of renewed Boardroom unrest, improved 2 to 56p on Press comment.

Life Insurances improved in places on diminishing pension tax fears. Hambro Life put on 9 to 466p and Prudential added 10 at 490p.

Among recently-issued equities, Alida attracted fresh support and firmed 5 to 162p, while Breakmate gained the same amount to 107p.

Breweries passed yet another subdued session, closing with modest falls. Allied-Lyons gave up 3 more to 156p following the warning on profit margins. Bass also turned reactionary and shed 8 to 437p; the annual results are due next Thursday. Scottish and Newcastle gave up 3 to 130p following the agreed offer for Moray Firth Maltings, 5 dearer at 345p. Elsewhere, buyers returned for Arthur Bell, which advanced 7 to 152p.

Redland encountered nervous offerings in front of the interim statement and slipped to 286p, but on the announcement, the price rallied to 292p before drifting off again to close 10 down at the day's lowest of 285p. BPB Industries continued to reflect the disappointing half-year results and shed 10 for a two-day fall of 22 to 270p. Other leading Buildings wilted in the absence of interest with Blue Circle losing 5 to 480p and RMC softening 4 to 410p. Costain came off its 1984 peak and settled 8 cheaper at 346p, while George Wimpey lost the turn at 116p. Elsewhere, Marshalls (Halifax) added 3 to 238p awaiting today's half-timer.

ICI opened easier at 676p on Wall Street influences but rallied to close only a couple of pence cheaper on the day at 680p. Renewed demand in a market short of stock lifted Amersham International 8 to 343p. The doubled half-year profits helped USM-quoted Delmar rise 3 to 29p, after 30p.

Currys volatile

The Currys/Dixons imbroglio continued to provide the focal point among Retailing counters: Up to 550p in initial trade reflecting vague hopes of a bid from Bats, Currys dipped to 515p before settling a net 7 lower at 533p as Dixons claimed victory in the prolonged and often bitter takeover battle. Dixons were also lively and moved between extremes of 432p and 410p before closing a couple of pence up on balance at 428p.

Elsewhere, leading Stores closed with moderate falls across the board. Sentiment was adversely affected in the early business following interim results from Habitat Mothercare which eased 16 to 374p as investors took notice of the company's bearish remarks on second half trading. Recent speculative favourite Debenhams came under late pressure to close 6 lower at 212p, while profit-taking in a narrow market clipped 16 from Woolworth at 577p. Among secondary Stores, fresh speculative demand lifted Sumrie 5 more to 75p, and S. Simpson 10 to 198p. Steinberg remained unsettled by the disappointing interim statement and shed 8 for a two-day decline of 19 at 73p.

A lack-lustre Electrical sector was again featured by Cable and Wireless which jumped 22 more to 425p following comment on the record interim results. Other leaders plotted an irregular course in thin trading. Thorn EMI recovered 4 further to 490p, but Plessey softened a couple of pence to 206p and Racal eased the same amount at 282p. Elsewhere, Security Centres fell 8 more making a decline of 55 to 175p since announcing disappointing interim results and the sale of its electronic security business to competitor Automated Security on Tuesday.

GKN dropped to 181p before closing 4 lower at 184p on a country broker's downgraded profits forecast. Hawker succumbed to profit-taking and lost 10 to 399p, while Vickers continued firmly at 200p, up 4. TI hardened a penny to 239p, after 242p. Elsewhere in Engineerings, 600 Group jumped 6 to 94p in response to the strong interim profits recovery. United Wire also reflected favourable trading news with a rise of 9 at 113p. Baker Perkins put on 6 to 163p as did Ransomes Sims and Jefferies to 393p. R. Cartwright improved 5 at 106p and Parkfield moved up 3 to 44p; the latter on revived speculative support.

The Food sector displayed several noteworthy movements. News of the group's plan to reorganise its UK manufacturing operations stimulated revived demand for Rowntree Mackintosh which moved up to close 10 higher at the day's best of 364p. Buying ahead of the interim results due on December 13 helped Unigate rise 3 to 151p. Elsewhere, better-than-expected half-year profits left Bassett 3 dearer at 158p, while revived speculative buying lifted Associated Fisheries 9 to 88p. Recently depressed Bensons Crisps revived strongly and gained 7 to 49p. Canvermoor attracted support ahead of the interim results due on December 13 and rose 10 to 65p. On the takeover front, Cullens Ordinary rose 15 afresh to 505p and the A touched 380p prior to closing unchanged at 375p awaiting further developments.

In the Hotels sector, Queens Moat Houses, regarded as a potential takeover candidate, closed 3 higher at 56p, after 56½p, the 10¼ per cent convertible moved up 18 points to £238.

BOC easier

BOC became unsettled ahead of next Thursday's preliminary results and dropped to 255p before closing 7 down on the day at 260p. Pilkington, 211p, and Reed International, 498p, lost 7 and 8 respectively on profit-taking, but Beecham continued to draw strength from the interim figures and rose 6 afresh to 383p. Elsewhere in miscellaneous industrials, British Aerospace moved up late to finish 7 better at 378p on news of combined U.S. orders worth nearly $50m for Jetstream 31 commuter aircraft. Scapa jumped 32 to 390p on the 51 per cent interim profits upsurge, while bumper half-year figures also helped Hargreaves leap 8 to 88p. Awaiting further moves on the bid situation, Hoskins and Horton advanced 13 to 285p, while Johnson Group Cleaners added 7 to 457p on hopes of an increased offer from Nottingham Manufacturing. Johnson Matthey, still affected by recent adverse comment and receding hopes of a bid from BP, plummeted to 63p before rallying well to close only 2 easier at 73p. Rolfe and Nolan fell 25 to 135p in a restricted market following the disappointing interim results, while Extel continued to reflect the recent poor mid-term figures with a further decline of 23 at 265p. Centreway cheapened 3 to 22p on further consideration of the interim results and associated concern, Centeway Trust dropped 20 to 90p in sympathy.

Motor sectors succumbed to widespread profit-taking. Lucas Industries eased a couple of pence to 282p while similar losses were marked against AE, 103p, Dowty, 151p, and Automotive Products, 64p. Dunlop, still awaiting further news of the proposed financial reconstruction, gave up 2 at 26p.

Publishers continued to highlight Link House which advanced 15 more to 750p; the shares have risen 165 over this week following the offer from United Newspapers, 6 up at 316p. Elsewhere, East Lancashire Paper attracted revived support awaiting further moves in the takeover situation and closed 8 up at 111p; original suitors British Syphon firmed 5 to 86p.

Properties fluctuated narrowly prior to closing a shade easier on balance. MEPC encountered further profit-taking in the wake of the annual results and slipped to 320p, but subsequent demand lifted the price to 326p before the close of unchanged on balance at 324p. Land Securities settled a couple of pence cheaper at 302p, while Stock Conversion, the subject of considerable speculative activity recently on takeover hopes, eased 3 to 405p. British Land, mentioned as a possible bidder for Stock Conversion, lost the turn at 140p. Capital and Counties softened 2 to 218p. Elsewhere, a sudden burst of speculative buying in a restricted market lifted Trust of Property 5 to 37p.

Already unsettled by uninspiring mid-term figures from Courtaulds, leading Textiles suffered afresh following disappointing interim profits from Dawson International; the latter dropped to 248p in immediate reaction to the news before settling a net 6 off at 258p. Courtaulds gave up 3 more at 119p. Elsewhere, David Dixon, interim results expected next Tuesday, firmed 4 to 124p, while Carpets International, buoyed by "call" option business, hardened a couple of pence at 22p. Revived speculative demand lifted Harold Ingram 20 to 130p.

Bats remained lively and eased to 303p before closing only 2 cheaper on balance at 305p as investors took heed of the company's dollar earnings potential in the light of weaker sterling; Bats is paying around £99m to increase its stake in its Canadian associate Imasco. Rothmans continued to attract support in the wake of the interim figures and improved 4 more to 170p.

Oils improve late

Forecasts of sharp rises in crude oil spot markets next month by the Saudi Arabian Oil Minister failed to encourage any significant demand for oil shares during the morning and early afternoon. However, after-hours trading was featured by strong U.S. demand and talk of a bear squeeze in leading issues which subsequently rose strongly. Shell advanced 13 to 643p while BP moved up 9 to 501p.

Among secondary issues, Saxon Oil attracted speculative interest and settled 30 higher at 400p, while Ireland's Oliver Prospecting added 10 more at 230p.

Golds mark time

South African Golds were content to mark time after the sharp falls of the previous two days. Bullion opened firmer around $332 but subsequently drifted back to close only 25 cents up at $331.25 an ounce.

Share prices were marked higher at the outset and edged up during initial trading owing to modest Continental interest. However, the absence of support from Johannesburg and persistent small selling from a number of London operators saw prices ease back to close with minor changes in either direction.

The Gold mines index showed a 0.4 decline at 550.5.

Financials made modest progress, with "Amgold" a firm feature at £76½, up £1½. Anglo American Corporation hardened ½ to £11½ ahead of the interim results which were not known during market hours.

UK-domiciled issues lost ground at the outset but subsequently staged a modest rally which left Consolidated Gold Fields 5 higher at 493p, and Charter a fraction better at 196p, the latter despite the initial weakness in the 27.9 per cent owned Johnson Matthey.

Renewed weakness in Sydney and Melbourne markets following the downturn on Wall Street and the decline in bullion, unsettled Australian issues. The leaders were easier across the board with Bougainville 4 off at 121p despite the settlement of the recent strike at the company's Papua New Guinea mining operations. MIM Holdings were a similar amount lower at 175p while North Broken Hill eased 3 to 153p and Western Mining 4 to 220p.

Demand for Traded Options lessened and total contracts amounted to 4,239—2,571 calls and 1,668 puts. Commercial Union returned to favour and attracted 487 calls, while a lively two-way business developed in Marks and Spencer with 242 calls and 389 puts done. The FT-SE 100 index accounted for 319 calls and 440 puts.

FINANCIAL TIMES STOCK INDICES

	Nov. 29	Nov. 28	Nov. 27	Nov. 26	Nov. 23	Nov. 22	Year ago
Government Secs	83.19	82.96	83.00	83.08	82.94	82.91	85.35
Fixed Interest	86.32	86.16	86.06	86.08	86.02	86.12	86.18
Industrial Ord	925.8	929.2	925.3	922.1	910.5	908.9	741.1
Gold Mines	550.5	550.9	559.8	576.8	576.2	572.3	562.4
Ord. Div. Yield	4.60	4.60	4.61	4.63	4.69	4.69	4.68
Earnings, Yld.% (full)	11.17	11.17	11.23	11.28	11.29	11.30	9.64
P/E Ratio (net) (*)	10.70	10.71	10.65	10.60	10.61	10.61	12.66
Total bargains (Est.)	20,114	20,643	17,481	19,918	21,880	19,826	19,825
Equity turnover £m.	—	356.20	395.65	371.90	378.41	313.68	235.11
Equity bargains	—	19,660	15,891	18,883	18,376	16,794	17,300
Shares traded (ml)	—	191.6	164.2	153.9	162.4	164.3	139.6

10 am 922.3, 11 am 923.0. Noon 923.7. 1 pm 923.9. 2 pm 923.4. 3 pm 922.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=10.29.

HIGHS AND LOWS / S.E. ACTIVITY

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low		Nov. 29	Nov. 28
Govt. Secs	83.77 (8/1)	75.72 (30/7)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains	124.5	161.
Fixed Int.	87.48 (14/3)	80.43 (30/7)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	107.7	102.9
					Value	720.0	549.6
Ind. Ord.	929.2 (28/11)	755.3 (25/7)	929.2 (28/11/84)	49.4 (26/6/40)	5-day Average Gilt Edged Bargains	144.6	150.4
Gold Mines	711.7 (9/3)	485.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)	Equities Bargains	105.9	104.9
					Value	613.1	563.5

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thur Nov 29 1984

[illegible]

FIXED INTEREST

[illegible]

BRITISH GOVERNMENT INDEX—LINKED STOCKS

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p. * Corrected figures for 28/11/84.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (122)

[illegible]

NEW LOWS (14)

[illegible]

OPTIONS

[illegible]

ACTIVE STOCKS

[illegible]

WEDNESDAY'S ACTIVE STOCKS

[illegible]

RISES AND FALLS YESTERDAY

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 15,558

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

[illegible]

Nov. 29. Total Contracts 4,239. Calls 2,571. Puts 1,668.

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
105¼	101¼	Treas. 15pc 1985	101¼	–⅛	14.84	9.61
102¾	100	Exch. 12pc Cnv. '85	100⅝	–1/32	11.93	9.84
97	93½	Treas 3pc 1985	96	.....	3.10	9.82
102⅝	99½	Treas 11½pc 1985	101	.....	11.39	9.72
99¼	96	Treas 8¼pcCnv '85	99	.....	8.82	9.81
104	99⅞	Exch. 12¼pc 1985	102	.....	11.99	9.84
103	99	Exch. 11¼pc '86	101	.....	11.57	9.95
102	96	Treas. 10pcCnv 1986	100⅛	+	9.99	9.97
92⅞	88¼	Treas 3pc 1986	92⅞	.....	3.23	8.36
102	96¼	Exch. 10½pc Cv '86	100¼	+	10.42	9.96
104	99	Treas 12pc 1986	102¼xd	+	11.68	10.04
98¼	93½	Treas 8½pc 1984-86‡‡	97	+	8.69	9.98
108	102	Exch. 14pc 1986	106	+⅛	13.14	10.11
88	85	Exch. 2½pc 1986	88xd	+	2.81	8.79
107	100	Exch. 13¼pc 1987	105	+	12.57	10.30
100⅞	94½	Treas 10¼pcCv '87	99	+	10.27	10.30
87	83½	Exch 2½pc 1987	87	+	2.86	8.73
101	94½	Exch. 10½pc 1987	100	+¼	10.47	10.33
92	87	Funding 6½pc '85-87‡‡	92⅞	+⅛	7.02	10.01
99⅝	92⅞	Treas. 10pc 1987	99¼xd	+⅛	10.09	10.42
85	81	Treas 3pc 1987	85	+	3.50	9.27
105	97¼	Treas. 12pc 1987	103⅝	+½	11.58	10.52
94⅞	87	Treas 7¾pc 1985-88‡‡	93	+	8.31	10.26
100¼	92	Exch 10½pc '88	99⅞	+¼	10.51	10.55
98	89	Treas 9¾pc Cv '88	97½xd	+¼	10.01	10.67
82	77	Transport 3pc '78-88	81¼xd	+	3.69	9.23
96	88	Treas. 9½pc '88	96	+	9.89	10.71
106¼	94	Treas 11½pc 1989	102	+¼	11.25	10.81
96	87	Treas 9½pc Cnv. '89	96⅛	+½	9.86	10.55
99⅝	90	Treas 10½pc 1989	99¼xd	+	10.58	10.72
100	88⅞	Exch.10pc 1989	97	+¼	10.31	10.82
101	94⅛	Exch 11pc 1989	100⅝	+¼	10.93	10.80
85⅝	77½	Treas 5pc 1986-89	81½	+	6.13	9.87
		Five to Fifteen Years				
113⅝	100¼	Treas 13pc 1990‡‡	113⅝	+¼	11.96	10.72

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP AND LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
30	20	Martin-Black	22	.....	—	—	—	—
£108	£87	♦Mathesons 7¼%	£89	.....	Q7¼%	2.3	†9.0	—
378	287	Metal Box £1	354xd	+2	†15.0	3.2	6.1	5.7
220	129	Metal Closures	152	–6	6.3	2.3	5.9	(8.4)
27	12	♦Metal Sciences 2½p	12	.....	—	—	—	—
19	8	Metamec Jentique	8½	.....	0.01	—	—	—
133	83	♦Midland Marts	95xd	.....	4.0	1.8	6.0	12.0
70	45	Mitchell Cotts	68xd	.....	4.0	1.5	8.4	9.7
29	13	Moben Grp 1p	15	.....	‡t0.5	2.5	4.8	(9.5)
173	132	Morgan Crucible	173	+1	†7.5	1.2	6.2	(17.5)
18½	13½	♦Morris (W) Fine Arts	15½	.....	bg0.25	4.0	2.3	14.2
110	80	Moss (Robt.) 10p	102xd	.....	†2.5	2.9	3.5	12.4
330	197	♦MMW Computers	282	+4	6.0	3.0	3.0	15.7
65	40	Nash Inds.	45	.....	4.0	2.2	12.7	5.2
47	30	Neil & Spencer 10p	38	.....	—	—	—	16.4
33	13	Newman Industries	21	+1	—	—	—	21.8
31	16½	Do. 10pc Cn.Cnv.Pf.	30	.....	10%	—	7.1	—
67	43	Nolton	45xd	+1	1.1	♦	3.5	♦
183	132	Norcros	175	+2	7.5	2.4	6.1	9.2
86	55	Nu-Swift 5p	55	–4	†2.4	3.2	6.2	7.2
100	50	Oakwood Grp.	78	.....	‡t6.5	—	‡	—
190	135	Office & Elect	135	.....	5.24	4.2	5.6	6.2
107	92	Oldacre 20p	107	.....	‡4.0	2.6	5.3	9.5
875	650	Oriflame Intl SA	650	.....	†Q53c	2.2	6.8	6.7
46	20	Ovenstone 12½c	20	–1	‡t4.5c	2.2	‡	4.6
£154½	£120	Ozalid 9pc Cnv 87-92	£154½	.....	Q9%	—	†6.0	—
190	120	♦PCT Grp 10p	120	.....	g4.8	2.9	5.6	7.3
£12½	975	PLM 'B' Sk 25	£11¼	.....	Q20%	3.2	4.1	7.6
62	40	♦Pacific Sales 10p	55	.....	b2.4	2.2	6.2	(8.3)
207	148	Parker Knoll 'A'	168	.....	9.0	2.8	7.7	6.6
215	197	Pauls	208	.....	8.5	2.8	5.8	7.6
590	403	Pearson	570	.....	†14.0	3.0	3.5	11.4
35	19	Peak Holdings	19	.....	—	—	—	—
107	89	Peerless	93	.....	6.3	1.4	9.7	9.4
265	55	Pentland 10p	253	.....	†h1.74	4.1	1.0	26.9
31	17	Pentos 10p	30	.....	B-	—	—	53.1
63	27	Phillips Patents	43	–3	1.25	—	4.2	—
£10¼	545	Photo-Me 50p	£10¼	.....	9.45	6.6	1.3	14.3
350	222	Pilkington Br. £1	311	–7	11.5	2.7	5.3	7.8

INSURANCES

LEISURE

LEISURE—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
46	9	♦Nimslo Int 20c	20	+1	—	—	—	—
		For Norton Opax see Paper, Printing						
31½	14½	♦Owners Abroad	19	.....	0.75	6.1	5.6	3.4
66	33	Photax (Lon.)	46	–1	—	—	—	—
29½	20	♦P'dilly Radio NV 5p.	25	.....	1.87	♦	11.1	♦
130	73	♦Pineapple Dnc St 10p	73	.....	d1.5	4.0	2.9	9.3
420	285	Pleasurama 5p	365	.....	6.5	4.7	2.5	11.9
17½	10½	♦Pres Entertain 10p	17	.....	bg0.02	2.0	0.2	21.6
158	62	♦Radio City 'A' NV	69	.....	5.6	♦	12.3	♦
70	50	♦Radio Clyde N/V	55	.....	3.0	1.4	7.8	12.8
148	30	Riley Leisure 10p	40	–1	‡4.2	2.4	‡	3.3
140	94	Saga Hols. 20p	138	.....	†3.75	1.6	3.9	23.1
535	145	Samuelson Grp £1	535xd	.....	h6.65	3.6	1.8	19.9
27½	18	♦Sangers Photo 10p	25	.....	bg1.25	1.8	7.1	11.3
150	138	♦Scanro 50p	143	+3	bg3.68	2.2	3.7	17.4
190	98	Scott. TV 'A' 10p	168	–2	†8.1	2.9	6.9	7.8
413	186	SeaCo Inc $0.125	393	+10	—	—	—	—
35	12	♦SelecTV 10p	14	.....	—	—	—	—
145	122	♦Spectrum 5p	138	.....	g2.0	4.8	2.1	14.5
37	29	TSW 5p	32½	.....	1.5	♦	6.6	♦
157	79	TVS N/Vtg 10p	135	.....	15.0	♦	5.4	♦
*142½	102½	♦Television Svcs 50p	125	.....	t1.5	4.2	1.7	36.2
90	60	Tottenham Hotspur	76	.....	d2.3	1.6	7.8	(17%)
161	120	Trid'nt TV 'A' 10p	150	+1	†5.5	1.8	5.2	14.8
173	100	♦21st Century Dec	145	–11	—	—	—	—
197	135	♦Tyne Tees TV 'A' £1	155	.....	8.25	2.4	7.6	8.0
101	53½	Ulster TV N/V 'A'	100	–1	4.75	♦	6.8	♦
28	17	Webb (Jos.) 5p	24	.....	d0.51	1.0	3.0	47.6
98	88	Zetters 5p	91	.....	3.25	3.0	5.1	9.3

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
76	33	BL 50p	41	.....	—	—	—	—
325	227	Gen. Mts Units	325	.....	Q12c	—	3.0	—
468	294	Honda Motor Y50	425	–3	Q23%	8.6	0.8	13.7
223	170	Jaguar	220	–3	b7.75	2.8	5.9	7.8
85	54	Lotus Car 10p	73	–5	—	—	—	(36.8)

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
280	145	Falcon Z50c	150		Q100c	♦	38.9
17	8	Wankie Col. Z$1	9½	.....	—	—	—
21	14	Zam.Cpr.SBD0.24	14½		—	—	—

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

OPTIONS — 3-month call rates

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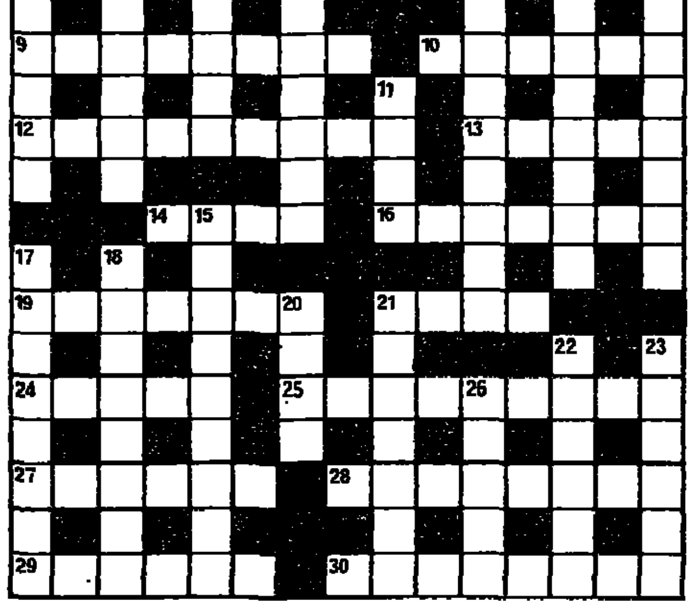
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,583



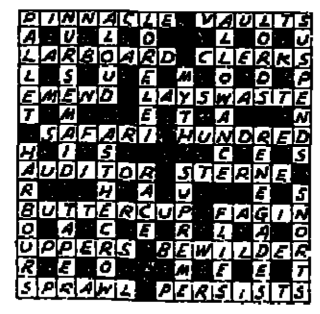
ACROSS

1 Strange rite—sort of clue for lady's bag (8)
5 Frustrate the spirit (6)
9 Wild Hogmany for the furniture-maker? (8)
10 Sum of money won. A lot? Wrap it up! (6)
12 It is grave being poisoned by lead (9)
13 One looking after lower charges—for silver, it's arranged (5)
14 Standard sort of tyre we hear (4)
16 Some Islam merrymakers make a stir (7)
19 Excellent garnish (7)
21 Wine or pop? (4)
24 Gateshead ideal for grouse (5)
25 Late cut off thick outside edge? (4, 5)
27 Orders concise English dictionaries (6)
28 Very old people of Italy see nurse act oddly (8)
29 Guard conveyed by rail (6)
30 Describing big sums—of sovereigns? (8)

DOWN

1 Careless soldiers do not hit target (6)
2 From Haiti, I find Bounty's destination (6)
3 Tragic reversal—leader lost in Havana, for example (6)
4 School of medical practice? (7)
6 Coach of fine horse, taking most of risk outside (9)
7 A chemist would make up this blobby painting (8)
8 Pretty nearly the season for short holiday for 4? (4-4)
11 Canteen hash ......? (4)
15 ..... Eric Steel ordered cheese (9)
17 Disease of horses overwhelms us with shock (6)
18 I can pot. I contrive spectacular frames (8)
20 Dressing dropped by film-star. Solitaire! (4)
21 Cheeky creature around R. Thames (7)
22 Free delivery? (6)
23 Mean to hit high ball round Tavern (6)
26 Contemptuously reject stewed prunes as un-English (5)

Solution to Puzzle No. 5,582



INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co.

Sel Sec A	26.0	27.4	.....	—
Blue Chip	21.3	22.5	.....	—
Fixed Yield	19.4	20.5	.....	—
Guaranteed Mty	15.9	16.8	.....	—
Managed	19.4	20.5	.....	—
International	26.1	27.5	.....	—
Property	16.1	17.0	.....	—
Pacific	20.4	21.5	.....	—
Equity	25.5	26.4	.....	—
Special Sits	22.0	23.2	.....	—
Int Currency	13.8	14.6	.....	—
Index Linked Secs	21.2	21.8	.....	—
American	19.9	21.0	.....	—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	14.30	15.02	.....	—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202

Multi Gwth Nov 6		£2.92259	.....	—
Multi Gwth 'A' Nov 6	265.7	279.7	.....	—
Op 5 Prop Nov 29	262.2	276.0	.....	—
Op 5 Equity Nov 29	340.6	358.4	+1.2	—
Op 5 Hy Nov 29	274.1	288.6	+0.8	—
Op 5 Man Nov 29	332.6	350.3	+2.8	—
Op 5 Dep Nov 29	198.9	209.4	.....	11.78
Op 5 Bond Nov 29	182.6	192.3	+2.1	—
Op 5 Inc Dist Nov 29	137.4	144.7	+0.6	8.90
Op 5 Intl Man Nov 29	196.5	206.9	+2.5	—
Op 5 US$ Nov 29	153.6	161.5	+2.4	12.12
Pens B Pr Ac Nov 15	337.1	354.9	.....	—
Pens B Eq Ac Nov 15	947.6	997.5	.....	—
Pens B FI Ac Nov 15	391.8	412.5	.....	—
Pens B Mid Act Nov 15	578.4	608.9	.....	—
Pens B Dp Acc Nov 15	314.7	331.3	.....	—
PensBGart Gwtr Nov 15	103.4	108.9	.....	—
Pens B Gart NA Nov 15	94.0	99.0	.....	—
PensBGartP	104.7	110.3	.....	—

For Pensions Capital Units please ring extension 519.

Britannia Funds—Series A

Am Smlr Co's Nov 28	125.0	131.6	+1.7	—
Am Spec Sits Nov 28	149.1	157.0	+2.4	—
Commodity Nov 28	82.6	87.0	+1.0	—
Extra Inc Nov 28	112.0	117.9	−0.7	—
Far East Nov 28	108.3	114.1	+2.0	—
FI Secs Nov 28	147.4	155.2	+2.4	—
Gold & Gen Nov 28	87.2	91.8	.....	Nov
Growth Nov 28	120.8	127.2	+2.9	—
Income Growth Nov 28	151.2	159.2	+1.5	—
Intl Fund Nov 28	112.5	118.5	+3.4	—
Japan Perf Nov 28	148.1	155.9	−2.2	—
Nat High Nov 28	146.0	153.7	+0.6	—
Prop Shares Nov 28	118.2	124.5	+0.7	—
Mkt Nov 28	111.4	117.3	−1.3	—
Recovery Nov 28	134.7	141.8	+1.2	—
Smlr Cos Nov 28	164.8	173.5	−0.4	—
Univ Energy Nov 28	73.0	76.9	−0.8	—
World Tech Nov 28	133.1	140.2	+3.9	—
Man Growth Nov 28	147.3	155.1	+7.0	—
Gilt Nov 28	101.7	107.1	−0.6	—
HR	84.3	88.8	+4.5	—
Aust Growth Nov 28	131.6	138.5	−1.4	—

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	188.5	198.5	−0.2	—
UK Equity	205.0	215.8	.....	—
Overseas Eq.	191.4	201.5	−1.8	—
Americas	192.1	202.3	−2.2	—
Far East	180.1	189.6	−2.1	—
Property	112.8	118.8	+0.1	—
Fixed Int	162.0	170.6	+0.3	—
Indexed Gilt	104.4	109.9	.....	—
Deposit	113.1	119.1	.....	—

Pension Fund Prices

Man. Initial	187.5	197.4	−0.2	—
Man Acc.	207.7	218.7	−0.2	—
UK Eq. Initial	190.0	200.0	+0.1	—
UK Eq.	207.5	218.5	+0.1	—
Overseas Eq. Initial	208.9	219.9	−1.4	—
Overseas Eq.	239.2	251.8	−1.7	—
Americas Initial	207.4	218.4	−2.0	—
Americas	227.7	239.7	−2.9	—
Far East Initial	225.1	237.0	−2.8	—
Far East	247.6	260.7	−3.1	—
Prop. Initial	107.5	113.2	+0.1	—
Prop.	117.9	124.2	+0.1	—
Fixed Int. Initial	146.3	154.1	+0.2	—
Fixed Int.	160.0	168.5	+0.2	—
Indexed Gilt Initial	99.6	104.9	.....	—
Indexed Gilt	109.4	115.2	.....	—
Deposit Initial	111.8	117.7	.....	—
Deposit	123.3	129.7	+0.1	—

NPI Pensions Management Ltd.

Managed Fund	507.7	520.7	.....	—

Prices Nov 1. Next dealing December 1

New Zealand Insurance PLC
110/114, Baxter Avenue, Southend. (0702) 344555

Kiwi Key (Managed)	353.8	364.7	.....	—
UK Equity	158.0	166.3	+1.4	—
American	243.7	256.5	+0.3	—
Pacific	377.8	397.6	+2.6	—
Property	152.2	160.3	+0.3	—
Gilt	177.2	186.5	+0.3	—
High Inc. Equity	148.5	156.3	+0.6	—
High Inc. Fxd. Int.	106.1	111.7	+0.3	—
Deposit	148.8	156.7	+0.1	—
Index-Linked Gilt	104.0	109.4	.....	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

NUIG (Managed Funds) Ltd.

Managed Fund	506.3	532.9	−0.3	—
Equity Fund	913.0	961.1	−1.1	—
Property Fund	263.8	277.7	.....	—
Fixed Int. Fund	289.8	305.0	+0.1	—
Deposit Fund	173.0	182.1	+0.1	—

Norwich Union Life Insurance Society Pensionvester & Unit-Linked Pns

Fixed Interest*	187.7	197.5	.....	—
Ordinary Share*	243.4	256.0	.....	—
Property*	126.8	133.4	.....	—
Deposit*	126.6	133.3	.....	—
Index Linked Secs.*	118.0	124.2	.....	—
Mixed*	199.8	210.3	.....	—

*Prices at Nov. 20.

Nor Units Nov 15		521.0	.....	—

Pearl Assurance (Unit Funds) Ltd.
252 High Holborn, WC1V 7EB. 01-405 8441

World Wide Growth Management
10a, Boulevard Royal. Luxembourg.

WwdGthFd	$11.49	−0.04	—

Inv. Adv., M & G Inv. Mngt. Ltd. London.

Wren Commodity Management Ltd
10, St George's St. Douglas. IoM. 0624 25015

Wren Com Fd	12.8	13.3	....	3.10
Chinese Fd	59.9	62.4	....	1.70
PrecMedFd	122.7	127.8	....	8.30
VangCmdyFd	25.8	26.5	....	—
FinFuturesFd	32.4	33.8	....	—

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal. Luxembourg.

DynamicGthFd	$9.30	+0.04	—

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
The Money Market Trust				
63 Qn Victoria St, EC4S 4ST.			01-236 0952	
Call Fund	9.38	9.63	6mth	Call
7-day Fund	9.98	10.27	6mth	7-day
Oppenheimer Money Management Ltd				
66 Cannon St. EC4N 6AE.			01-236 1425	
Call Fund	9.03	9.23	6mth	Call
7-day Fund	9.51	9.73	6mth	7-day
MnyMngAc	8.875	9.175	3mth	Call
Dollar	7.62	7.76	6mth	2-day

Money Market Bank Accounts

	Nom	Apr	Int Cr	Notice
Aitken Hume				
30 City Road, EC1Y 2AY.			01-638 6070	
TreasuryAcc	9.625	9.98	Qtr	Call
Mth Int Chq	9.625	10.05	Mth	Call
Bank of Scotland				
38 Threadneedle St. EC2P 2EH.			01-628 8060	
Cheque Acc	9.20	9.60	Mth	Call
Barclays Prime Account				
PO Box 125, Northampton			0604 252891	
High Int Chq	9.25	9.57	Qtr	Call
Britannia Grp of Investment Companies				
29 Finsbury Circ. EC2M 5QL.			01-555 2777	
Cater Allen	9.50	9.930	Mth	Call
Charterhouse Japhet plc				
1 Paternoster Row. EC4M 7DH.			01-248 3999	
Sterling	9.50	9.92	Mth	Call
U.S. Dollar	8.50	9.96	Mth	Call
German Marks	5.0	5.19	Mth	Call
Swiss Franc	2.0	2.05	Mth	Call
Japanese Yen	5.0	5.19	Mth	Call

OFFSHORE AND OVERSEAS

COMMODITIES AND AGRICULTURE

Saudis to lower guaranteed wheat price

By Michael Field

THE SAUDI Arabian Government has decided to cut the big subsidy it has been paying to wheat producers. The price paid by the state buyer, the Grain Silos and Flour Mills Organisation, is to be cut from SR 3.5 a kg (about $1,000 a tonne) to SR 2 ($570 a tonne) next season. This is still more than five times the world market price.

The decision has not yet been made public, but a recommendation has been presented to the Council of Ministers, the Saudi Cabinet, for endorsement. Since Tuesday, the reduction has been spoken of in government circles as fact.

In the past five years, the guaranteed price has caused Saudi wheat production to increase from negligible levels to 1.3m tonnes, giving a surplus of 0.5m tonnes over domestic demand. For 1984's crop, harvested in May, the policy is costing the government over $1bn.

An indirect effect of the support price has been to discourage the production of other grains. Owners of dairy projects, who were originally intending to grow their own barley feed, have turned their arable land over to wheat production, and imported the feed.

Under the new regime, small farmers will continue to benefit from prices above SR 2 per kg for the crop being grown in the 1984-1985 season. Producers of less than 500 tonnes will be paid the present SR 3.5. For amounts between 500 and 1,000 tonnes, the price will be SR 2.75, and for 1,000 to 1,500 tonnes it will be SR 2.50.

For the 1985-86 season, everyone will be paid SR 2.

The wheat producers agree that the new price will continue to give them profits. The maximum production cost of Saudi wheat is about SR 1.5 a tonne, which compares with a cif (cost, insurance, freight) cost of imported wheat at Jeddah of SR 0.7.

Estimate raised for wheat crop

BY RICHARD MOONEY

THE INTERNATIONAL Wheat Council has increased its estimate of this year's world wheat crop by 3m tonnes to a record 512m because of improved prospects in Eastern Europe, China, India, Argentina and Australia.

The latest estimate, calculated as at November 28, compares with the 509m tonnes forecast made on October 24, and is nearly 16m tonnes above last year's crop.

The council has also raised its prediction for Soviet grain imports to 49m tonnes from 48m in October. This remains below other recent estimates putting the figure at about 50m tonnes. In 1983 Soviet imports totalled 33m tonnes.

The 1984 world coarse grain crop estimate is also raised by 3m tonnes, to 792m, which would also be a record. The council's market report attributes this to increased yield prospects in the U.S., China and Argentina.

Meanwhile, estimates for the forthcoming South African maize crop have been cut to between 8m and 11m tonnes from between 8m and 12m, compared with a drought-hit crop of 4.44m last year, reports Reuter from Johannesburg.

Mr Ig't de Clus of the National Maize Producers Organisation (Nampo) said the forecast range was wide because it was difficult to assess the situation at this stage. December rains would be crucial as it was a critical time for maize, he added.

Nampo was optimistic at the start of the planting season but conditions gradually worsened, partly because of high temperatures and partly because of frost, Mr le Clus said. Signs were more optimistic following last week.

The crop estimates had been adjusted downwards as significant areas had still not been planted because of the worsening conditions.

● Latest UK export statistics reported by the Home Grown Cereals Authority put combined wheat and barley exports since the season started on August 1 up to November 22 at 2,102,095 tonnes, nearly double the 1,091,821 registered in the same period of 1983.

Wheat exports in the first 22 days of November were 219,404 tonnes, bringing the total since August 1 to 641,143 tonnes against 303,623 a year ago.

Barley exports continued to be heavy, with 265,188 tonnes registered between November 1 and 22. This puts the total for the season at 1,460,952 tonnes, substantially more than the 788,198 exported in the comparable 1983 period.

U.S. stocks of distillate fuel oil higher

By Nancy Dunne in Washington

U.S. STOCKS of distillate fuel oil rose slightly last week to 156.8m barrels, but the levels still lagged behind the same time last year when the U.S. had 162.2m barrels on hand, according to the American Petroleum Institute.

Crude oil imports dropped to 2.8m barrels, the lowest level in months. The U.S. imported 3.2m barrels this time last year.

The API reported a small drop in crude oil stocks for the week ending November 23. Stocks dropped to 349m barrels from 350.4m the previous week and 355.2m barrels at the same time in 1983.

Stocks of residual fuel oil rose slightly to 50.7m barrels from 49.2m barrels in the week ending November 16.

machine 51 — 3 on 8¿ —

● AID payments to livestock farmers in remote upland areas will remain unchanged next year, but the Government is to channel a further £4m to £5m to farmers on lower marginal land.

This was confirmed yesterday in a written Commons answer by Mr Michael Jopling, Agriculture Minister. The extra land covered by the extension of the aid scheme totals about 1.2m hectares.

Farmers in the uplands will continue to receive £44.50 per eligible cow, and up to £6.25 per eligible sheep, while those in the new marginal lands will receive about half that level of payment.

● A TIGHTENING squeeze led to wild fluctuations in the prompt November position on the London Potato Futures Market yesterday. The November quotation, which expires today, leapt to £150 a tonne at one stage before easing back to end at £115 a tonne, £36 up on the day.

● THE TRAWLER industry at Milford Haven, West Wales, has been forced to shut down temporarily with the loss of 120 jobs due to the second fishing ban in just over a month in the Bristol Channel and south-west approaches.

● EXPORT duty on most grades of Malaysian rubber has been cut to ¾ per cent per kg from 1 per cent.

Changing tastes in meat market

Farmer's Viewpoint: by John Cherrington

THE ORIGINAL function of the Royal Smithfield Show was to celebrate the climax of the farming year by showing the cream of the fat stock specially prepared for the Christmas market. In the old days they used to be just that—fat. There was, of course, some sense in it then. New Zealand butter had not been heard of, nor had margarine, and beef dripping was the main fat the working classes could afford. You ate animal fat or none at all, and some fat is essential to health.

The taste for overfat meat lasted right through until the '30s when the public began to look for leaner meats. This did not penetrate the exhibitor's consciousness immediately, and I can well remember the mirth that greeted the Ministry of Agriculture's first attempts at educating farmers to the modern fashion. It had some lean steers on show at one of the pre-war Smithfields and they were ridiculed.

The Ministry is still trying, as are in a desultory way the organisers of the present Smithfield Show. Judging standards are still very similar to those of the Miss World competition and little attention is paid to what is going on underneath the skin. There is a deadweight competition for carcass merits but that is well away from the main ring where the live cattle judging takes place.

One of the problems has been that the breeder's ideal animal, both cattle and sheep, is a nice blocky carcass with a wide, level back and a strong chest and rump. These animals have a tendency to lay on fat—especially when they are well fed.

There was a period when the ideal animal would finish, or fatten, at a very light weight. Some of the Argentine beef of the '90s was of this type, and breeders developed bulls for the baby beef trade, as it was called, with Aberdeen Angus, Shorthorn and Hereford. In sheep, the Southdown was used, which produced the New Zealand lamb, an early maturing animal.

About 30 years ago retail butchers began to demand a leaner and bigger animal. They found fat becoming unsaleable and discerning consumers had to be satisfied. It had taken a great many years to breed these small cattle and no one seemed to have the time then to grow them bigger again, if indeed they could establish a big lean type. So some breeders looked over the channel and demanded the importation of some of the Continental breeds.

These animals had the size and the muscling which produces flesh, unlike the traditional British beef breeds which had been bred for meat purpose alone. The Continentals had been used for draught purposes, with enormous hindquarters and shoulders, and produced great quantities of lean meat when their working days were ended. There was strong opposition to their importation. Even to suggest it was to attack the skills of traditional British breeders. Fortunately the minister of the day gave way once he was satisfied that strict health controls could be satisfied.

This exotic cattle, as they are called, have revolutionised the beef industry. Forty per cent of the beef inseminations of the national dairy herd are with exotic semen. The number bred from beef cows must be at least of the same order and several of the breeds are very well established here. What is more, not a few of the herds from which these sires are bred belong to names who were at one time vigorously opposing their importation.

There has not been a comparable importation of fresh blood for sheep, although there have been some attempts to find it. The live sheep judging at the show is still pretty well on traditional lines. The Meat and Livestock Commission has been trying to educate farmers into producing leaner sheep by refusing them the deficiency payment or premium when grading them should they be too fat.

However, it is easy enough to grade a carcass for fat condition, but very difficult with the live animal. Most animals are graded alive for the premium in the markets. Deadweight selling, which should be the most efficient way of getting fat stock marketed from the point of view of animal welfare and cost, is losing ground since the stricter grading came in.

Pig farmers have been subject to this discipline for years. Nine out of 10 pigs are sold by deadweight, and as a result of grading standards which emphasise leanness, the result has been carcasses the customer, or certainly the supermarket chains who serve them want. I am not so sure.

I produce large numbers of the modern pig but I do not enjoy the meat, it is too dry and tasteless. When I have a pork chop in France, it is tailored out of pig about three times the size of mine, has all the fat trimmed off, and is a delight to taste, as good as beef.

However, I always enjoy Smithfield. I was educated to the traditional stock judging values of rounded bodies with plenty of fat. Although for economic reasons I don't keep these sort of animals, I know that if I were ever to judge the entries I would do so for my own pleasure, as I am sure to do those who will place the animals next week. One thing I can be sure of is that the champion animal will have a large proportion of Continental blood, as it has had almost without exception over the last twenty years.

Indian tea curbs to stay

NEW DELHI—The Indian Commerce Ministry will not lift restrictions on exports of CTC (cut, torn and curled) variety of tea between January and March 1985, it said yesterday.

"In spite of comfortable domestic stocks of tea, there is hardly any scope for CTC tea exports during the lean January-March period next year," it explained in a statement.

Last September, the government restricted the country's 1984 tea exports to 215m kg to conserve domestic stocks. It banned CTC tea exports early this year to ease a domestic shortage and contain high prices.

CTC tea accounts for about 40 per cent of India's total tea exports. The rest are made up of orthodox and Darjeeling teas.

The Ministry, which said the government would continue to restrict tea exports to ensure stable domestic prices, also announced that starting next year there will be separate auctions for domestic tea sales and exports.

This will ensure high export earnings while maintaining reasonable domestic prices, it said.

Only limited quantities of tea will be allowed to be put up in export auctions to maintain international prices.

The Ministry's moves were announced at the end of a two-day conference with tea producers, brokers and auction managers.

Sugar export subsidies to cost Brazil $300m

BY ANDREW WHITLEY IN RIO DE JANEIRO

SUBSIDISING sugar exports will cost the Brazilian Treasury approximately $300m (£245m) this year, half the earnings expected from the 2.8m tonnes of sugar to be sold abroad, according to Sr Antonio Jose de Souza, president of the Instituto do Acucar e do Alcool, the federal supervisory body for the industry.

Sr Souza said that if the "very unjust" prices of sugar on the world market continued at the present low level, Brazil would be forced to cut back on its exports next year.

The newly-appointed IAA president, recently returned from a meeting in London of the International Sugar Organisation, was pessimistic about the short-term outlook for the industry.

Brazil is presently converting 60 per cent of its sugar cane into ethylene alcohol—for vehicle fuel, medical and cleaning purposes. Sr Souza said this percentage was likely to rise.

Alcohol exports are expected to reach 1bn litres this year, worth $200m, double last year's figure in spite of restrictions imposed by the U.S., regarded as the most promising market. Other sugar by-products, such as molasses, add a further $100m to Brazil's export earnings.

Sr Souza confirmed on Wednesday that studies on the privatisation of Brazil's sugar exports are continuing, although he said no firm decision had yet been taken. He said that the internal cost of production in Brazil was 12c a pound, compared with a world market price ranging between 4c and 5c.

Sr Nestor Jost, the agriculture minister has, meanwhile, severely criticised the government's economic authorities for their failure to provide promised financial support for Brazil's farmers.

Sr Jost said the authorities had refused to release agricultural credit to be dispersed by the Brazilian banking system and had also blocked the utilisation of loans provided by multilateral lending agencies such as the Inter-American Development Bank.

Credit had been restricted so as to keep within the monetary guidelines set by the International Monetary Fund.

● Sugar beet deliveries exceed 50 per cent of the crop, which is expected to produce a second highest yield of 1.25m tonnes of white sugar, a British Sugar official said.

Deliveries are in line with last year when 1.06m tonnes were produced after the wettest spring on record. Britain's largest crop, yielding 1.5m tonnes, was in 1982.

LONDON MARKETS

COPPER prices continued to lose ground on the London Metal Exchange yesterday. Forward metal moved ahead in initial trading and touched £1,112 a tonne following buying on behalf of Japanese interests which was accompanied by widespread covering of short positions.

However, a lower opening on Comex, coupled with renewed speculative selling, depressed it to £1,103 before a rally to £1,108 on the late kerb.

Other base-metals were quieter. Tin held at £9,790 throughout the session, while zinc moved narrowly prior to closing at £641. Trade support boosted forward lead to £332, although the backwardation (cash premium over three months) narrowed to about £2 at the close.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

	Nov. 29 1984	+ or —	Month ago
METALS			
Aluminium	£1100		£1100
Free Mkt.	$1165/1195	—10	$1200/1250
Copper			
Cash h Grade	£1088.5	—7.5	£1108.75
3 mths	£1106.25	—8	£1103.25
Gold troy oz.	$331.25	+0.25	$335.75
Lead Cash	£339	+3.5	£346
3 mths	£334.75	+10	£350.25
Nickel	£5967		£5868
Free Mkt	212/232c	—1	214/234c
Palladium oz	$141.50	+0.5	$141.50
Platinum oz	$320.50	+2	$323.50
Quick Silver†	$295/305		$300/310
Silver troy oz	592.10p	—3.15	587.70p
3 mths	606.60p	—3.60	602.50p
Tin cash	£9825	+5	£9575
3 mths	£9792.5		£9706
Tungsten	$83.54		$85.16
Wolfram 22 04lb	$77/79		$80/83
Zinc	£638.75	+2.75	£649.5
3 mths	£641.5	+4	£663.75
Producers	$900		$900

	Nov. 29 1984	+ or —	Month ago
OILS			
Coconut (Phil)	$960w	+10	‡
Palm Malayan	$600v		‡
Seeds			
Copra Phil	$540y		$700
Soyabean (U.S.)	$249.5z	+2	‡
GRAINS			
Barley Fut. Mar	£114.25	+0.25	£110.40
Maize	£145.00w		‡
Wheat Fut. Mar	£114.45	+0.30	£111.30
No2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1877.5	—3.5	£1968.5
Coffee Ft. Nov.	£2296	+30	£2336
Cotton A index	72.00c		
Gas Oil Jan.	$226.75	—1.25	$236
Rubber (kilo)	69.5p	+0.5	69p
Sugar (raw)	$114vx	+2.5	$133.5
Woolt'ps 64s	482p kilo	+10	465pkl

‡ Unquoted. v Jan. z Dec. y Jan-Feb. x Dec-Jan. w Nov-Dec. † Per 75-lb flask. n Nominal. c Cents per pound.

INDICES

FINANCIAL TIMES

Nov. 28	Nov. 27	M'th ago	Year ago
288.58	288.77	292.40	288.10

(Base: July 1 1952 = 100)

REUTERS

Nov. 29	Nov. 28	M'th ago	Year ago
1878.7	1875.5	1895.3	1942.2

(Base: September 18 1931 = 100)

MOODY'S

Nov. 16	Nov. 7	M'th ago	Year ago
983.4	966.0	960.8	1008.9

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Nov. 16	Nov. 7	Month ago	Year ago
Spot	—	126.25	124.3	134.45
Fut	128.94	130.13	125.95	140.79

(Base: December 31 1974 = 100)

OIL

Lack of direction kept spot trading in crude oil to a minimum. Delays at Sullom Voe added strength to early December North Sea prices. Arab Light sellers were still reluctant to agree deals. Nymex opened 10c down on Wednesday's close but at midday traded 12c up. Spot product prices fluctuated around Wednesday's levels. Gas oil prices fell in the morning after receiving news of higher U.S. middle distillate stocks but prices regained some ground after the Nymex opening —Petroleum Argus.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arab Light	27.55-27.70	+0.05
Arab Heavy	26.30-26.35	+0.075
Dubai	26.55-26.65	—
Brent Blend	27.20-27.30	+0.05
W.T.I. (1pm est)	27.36-27.40*	—0.10
Forcados (Nigeria)	27.30-27.40	—
Urals	27.30-27.40	+0.10
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	247-249	—
Gas Oil	222-224	—1.5
Heavy fuel oil	182-184	—

* Jan

Petroleum Argus Estimates

GAS OIL FUTURES

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1088-.5	—16	1088-9	—7.5
3 months	1106-.5	—16.7	1106-.5	—8
Settlem't	1088-.5	—16	—	—
Cathodes				
Cash	1104-5	—12	1100-4	—5
3 months	1115-6	—18	1116-8	—5
Settlem't	1105	—12	—	—

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,088.5, three months £1,104, 3, 4, 5, 5.5, 5, 6.5, 6. Cathodes: Three months £1,115. Kerb: Higher Grade: Three months £1,106. Afternoon: Higher Grade: Three months £1,103, 2.5, 5, 5, 6, 6.5, 6. Kerb: Higher Grade: Three months £1,106, 7, 6, 6.5, 7, 8, 7.5, 8, 9, 8.5, 8. Turnover: 27,325 tonnes. U.S. Producers: 64.00-68.00 cents per pound.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	339-40	—1	338.5-9.5	+3.5
3 months	332.5-3.5	—5.25	334.5-5	+10
Settlem't	340	—1	—	—

Lead—Morning: Cash £339, three months £329, 29.5, 29, 30, 31, 32. Kerb: Three months £333, 32. Afternoon: Three months £331, 32, 33, 34, 34.5. Kerb: Three months £334, 33, 35, 34, 33, 32, 31. Turnover: 29,325 tonnes. U.S. Spot: 28.00-28.00 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	9850-5	—10	9840-5	—7.5
3 months	9830-40	—10	9830-40	+5
Settlem't	9855	—10	—	—
Standard				
Cash	9810-5	—26	9820-30	+5
3 months	9785-6	—16	9790-5	—
Settlem't	9815	—25	—	—
Straits E.	$29.15	—	—	—

Tin—Morning: Standard: Cash £9,820, 15, three months £9,790, 95, 90, 86. High Grade: Cash 9,856, 55, 50. Kerb: Standard: Three months £9,785. Afternoon: Standard: Three months £9,795, 90. High Grade: Cash £9,855. Kerb: Standard: Three months £9,790. Turnover: 1,395 tonnes.

ZINC

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	927-.5	—10.5	929-31	—8.5
3 months	951-.5	—11	953.5-4.5	—8.25

Aluminium—Morning: Three months £953, 52.5, 52, 51. Kerb: Three months £951, 50, 49.5, 49, 48. Afternoon: Three months £947, 48, 49, 50, 51, 52, 52.5, 53, 54. Kerb: Three months £955, 54, 53, 52. Turnover: 23,625 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3915-25	—50.5	3930-5	—2.5
3 months	3996-8	—32	4010-1	+1.5

Nickel—Morning: Three months £4,005, 3, £4,000, 3,995. Kerb: Three months £3,995. Afternoon: Three months £4,010, 15, 11. Kerb: Three months £4,010, 5. Turnover: 1,362 tonnes.

GOLD

Gold rose $½ an ounce from Wednesday's close in the London bullion market yesterday to finish at $331-$331½. The metal opened at $331½-$332 and traded between a high of $331¾-$332¼ and a low of $330¾-$330¾. Trading was mostly quiet and featureless with attention once more focusing on the U.S. dollar.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Dec.	331.10	—	332.10-30.80
Feb.	335.50-35.60	+3.10	336.70-35.00
April	340.00-41.00	—	—

Turnover: 154 (47) lots of 100 troy ounces.

GOLD BULLION (fine ounce) NOV. 29

SILVER

Silver was fixed 3.15p an ounce lower for spot delivery in the London bullion market yesterday at 592.1p. U.S. cent equivalents of the fixing levels were: spot 712.3c, down 0.5c; three-month 727.4c, down 1.4c; six-month 744.9c, down 1.8c; and 12-month 781.7c, up 0.1c. The metal opened at 593-595p (714-717c) and closed at 593½-596½p (712-715c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	592.10p	—3.15	593p	+1.5
3 months	605.50p	—3.60	606.5p	+0.25
6 months	620.00p	—4.15	—	
12months	646.70p	—2.10	—	

LME—(2,000 oz contract): cash 593p (591.5p); three months 606.5p (608.25p). Turnover: 0 (0).

Turnover: 474 (96) lots of 10,000 oz. Morning: large 1st ring three months 608.5, 2nd ring three months 605.5, 06. Kerb: three months large 606. Afternoon: large 1st ring three months 606.5, 2nd ring three months 607. Kerb: large three months 606, 06.5.

COCOA

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Nov.	1850-3000	—	—
Dec.	1877-1878	—3.5	1885-1878
March	1838-1839	+2.5	1845-1835
May	1838-1839	—	1845-1837
July	1843-1844	+3.5	1847-1840
Sept.	1843-1846	—0.5	1848-1845
Dec	1800-1803	+1.5	1805-1800
Mar	1791-1799	+1.0	—

Sales: 2,844 (2,343) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for November 29: 97.67 (97.32); five-day average for November 30: 97.65 (97.89).

COFFEE

Following a steady New York close prices opened slightly higher in light volume, reports Drexel Burnham Lambert. Commission house pressure in nearby positions produced a gradual retreat but trade and dealer buying ensured gains of £10-£20 and values settled just off the highs.

GRAINS

The markets again rose on a slightly stronger physical market and on reasonable UK export figures for November, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterd's close	+ or —
Jan	111.10	+0.30	111.35	+0.25
Mar	114.45	+0.30	114.25	+0.25
May	117.80	+0.30	116.60	+0.15
July	119.80	+0.30	—	
Sept	98.35	+0.10	97.40	+0.10

Business done—Wheat: Jan 111.15-10.80, Mar 114.50-4.25, May 117.70-7.65, July untraded, Sept 98.50-8.35. Sales: 90 lots of 100 tonnes. Barley: Jan 111.35-1.25, Mar 114.25-4.15, May 116.60-6.50, Sept untraded. Sales: 97 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring No 1 15 per cent Dec 160.65, Jan 163.15, Feb 164.65, March 167.15 trans-shipment east coast. U.S. No 2 soft red winter Jan 150, Feb/March 149.50. English feed fob Jan 12.00 east coast. Maize: U.S. No 3 yellow/French trans-shipment east coast second half Nov/second half Dec 145 quoted. Barley: English feed fob Dec 114.25 Kings Lynn. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 107.90, S. West 108.40, W. Mids 106.60, N. West 103.80. The UK monetary coefficient for the week beginning Monday December 3 is expected to remain unchanged.

PIGMEAT

After a steady opening prices fell because of persistent trade selling and speculative selling towards the close. Volume was moderate, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Feb.	115.20	116.50	116.40-15.20
April	114.50	115.30	115.00-14.50
June	110.20	110.80	110.20
Aug	108.00	108.70	108.50-08.50
Oct.	113.40	113.20	113.40-13.00
Nov.	114.00	114.20	114.20-14.00

Sales: 80 (32) lots of 50 carcases, 3,250 kg.

POTATOES

SOYABEAN MEAL

SUGAR

U.S. MARKETS

Gold and silver traded in a featureless fashion on the back of movement in currencies or financials, reports Heinold Commodities. Copper registered modest gains on light short-covering following Wednesday's sharp break. Sugar came under pressure from trade selling on the continued good availability of cash. Cocoa was featureless on a general lack of fresh news. Coffee weakened in the nearby on better cash availability while the forwards were supported by light roaster interest. Cotton found light support on concern over the availability of nearby supplies. Heating oil shrugged off a negative trade stocks report to finish higher on the uncertainties outlook for crude oil prices as Opec members plan meetings to deal with the pricing differential problem.

NEW YORK

CHICAGO

OTHER MARKETS

WOOL FUTURES

COTTON

PARIS

RUBBER

MEAT/FISH

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar quietly firmer

The dollar improved in currency markets yesterday but finished below the day's best level. Trading was quiet for much of the day with much of the day's business identified as commercial demand. Consequently there was little impetus to hold the dollar above the DM 3.0850 chart level, which it broke through briefly, and it slipped back to close at DM 3.0780, still up from Wednesday's close of DM 3.0700.

News of a 0.7 per cent fall in U.S. leading economic indicators in October was much in line with market expectations and had little effect on trading. U.S. M1 money supply figures, due for release after the close of business in London, are expected to show a rise on the week.

Fears that the West German Bundesbank may intervene heavily to restrain the dollar, effectively deterred most speculators from encouraging the dollar much firmer. Against the Swiss franc it finished at SwFr 2.5285 from SwFr 2.500 and Y245.95 from Y245.40. It was also firmer against the French franc [illegible]

STERLING—Trading range against the dollar in 1984 is 1.4905 to 1.1875. October average 1.2207. Exchange rate index 74.3, down from a high of 74.5 but up from Wednesday's close of 74.2 and compared with 79.6 six months ago.

Sterling was slightly weaker overall at the end of the day, partly reflected in a 0.2 point fall in its index from the day's high. There was little fresh news to influence the market and sterling traded in a fairly narrow range against the dollar, finishing at $1.2010-1.2020, a fall of 40 points from Wednesday. It was unchanged against the D-mark at DM 3.7000 but fell to SwFr 3.0375 from SwFr 3.0400 and Y295.50 from Y295.75. Against the French franc it slipped to FFr 11.3300 from FFr 11.3675.

D-MARK — Trading range against the dollar in 1984 is 3.1410 to 2.5535. October average 3.0676. Trade weighted index 120.8 against 125.5 six months ago.

The dollar was fixed at DM 3.0762 against the D-mark at yesterday's fixing in Frankfurt hardly changed from DM 3.0768 on Wednesday. The Bundesbank sold a nominal $6.5m at the fixing and there were no obvious signs of any open market intervention. A decision by the West German Bundesbank to leave its key lending rates unchanged was much in line with market expectations. for although U.S. rates have declined, the dollar remains relatively strong against the D-mark.

Elsewhere sterling rose to DM 3.6980 from DM 3.6770 and the Swiss franc was marginally firmer at SwFr 1.2171 from SwFr 1.2170. Within the EMS the Belgian franc slipped to DM 4.9670 per BFr 100 from DM 4.9690 and the French franc was lower at DM 32.65 per FFr 100 from DM 32.655.

STERLING EXCHANGE RATE INDEX

	Nov 29	Previous
8.30 am	74.5	74.2
9.00 am	74.5	74.3
10.00 am	74.4	74.3
11.00 am	74.4	74.3
Noon	74.5	74.1
1.00 pm	74.5	74.2
2.00 pm	74.5	74.2
3.00 pm	74.4	74.5
4.00 pm	74.3	74.2

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu November 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	44.9284	+0.06	+0.34	±1.5428
Danish Krone ...	8.14104	8.03533	−1.30	−1.02	±1.6421
German D-Mark	2.24184	2.23173	−0.45	−0.17	±1.1463
French Franc ...	6.87456	6.83661	−0.55	−0.27	±1.3659
Dutch Guilder...	2.52595	2.51673	−0.37	−0.09	±1.5185
Irish Punt	0.72569	0.718709	−0.96	−0.68	±1.6671
Italian Lira	1403.49	1382.73	−1.48	−1.48	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York

	November 29	Prev. close
£ Spot	$1.2000-1.2010	$1.1995-1.2005
1 month	0.11-0.09½ pm	0.10-0.09 pm
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Nov 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]						

Belgian rate is for convertible francs. Financial franc 74.75-74.85. Six-month forward dollar 0.19-0.10c pm. 12-month 0.13-0.28c dis.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Nov 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]						

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

OTHER CURRENCIES

Nov. 29	£	$		£ Note Rates
[illegible]				

* Selling rates.

CURRENCY RATES

Nov. 29	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]			

*CS/SDR rate for November 28: 1.31208.

CURRENCY MOVEMENTS

Nov 29	Bank of England Index	Morgan Guaranty Changes %
[illegible]		

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EXCHANGE CROSS RATES

Nov. 29	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
[illegible]										

EURO-CURRENCY INTEREST RATES (Market closing rates)

Nov. 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	[illegible]											
7 days' notice	[illegible]											
Month	[illegible]											
Three months	[illegible]											
Six months	[illegible]											
One year	[illegible]											

Asian $ (closing rates in Singapore): [illegible] Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Slight easing in quiet trade

Interest rates were slightly easier in places on the London money market yesterday, but trading was quiet and continuing to go through a phase of consolidation after this month's cuts in bank base rates. Hopes remain alive that further reductions may take place in the not too distant future, but at the moment attention is focused on the British Telecom share issue. Wednesday's large over-assistance left bank balances well above target, but dealers are now hopeful that conditions will remain calm until after the weekend, when the result of the British Telecom flotation is known, and funds from the temporary facility become available.

UK clearing banks' base lending rate 9¾-9½ per cent since November 23.

Three-month interbank fell to 9¾ per cent from 9½ per cent, while discount houses buying rates for three-month bank bills eased to 9¾ per cent from 9¾ per cent.

The Bank of England forecast a money market shortage of £300m, but this was revised to £350m in the afternoon. Total help on the day amounted to £339m, all through outright purchases of bills. Before lunch the authorities bought £255m bills by way of £7m bank bills in band 1 (up to 14 days maturity) at 9½ per cent; £145m bank bills in band 2 (15-33 days) at 9¾ per cent; £52m bank bills in band 3 (34-63 days) at 9¾ per cent; £6m Treasury bills in band 4 (64-91 days) at 9½ per cent; and £42m bank bills in band 4 at 9¾ per cent.

In the afternoon another £84m bills were purchased, through £53m bank bills in band 2 at 9¾ per cent, and £31m bank bills in band 3 at 9¾ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £522m, with the unwinding of repurchase agreements absorbing £87m. Exchequer transactions added £5m, and a rise in the note circulation another £40m. These were partly offset by bank balances £325m above target.

In Frankfurt call money was steady at 5.5 per cent. There had been some speculation the Bundesbank was likely to cut its Lombard rate from 5.5 per cent following a downward trend in U.S. rates, but the continued strength of the dollar against the D-mark led many dealers to doubt this, and there was little surprise when the central bank left its credit policies unchanged at yesterday's council meeting. As anticipated the Bundesbank did invite tenders for a 35-day securities repurchase agreement, to replace the DM 9.3bn draining from the market on Monday.

MONEY RATES

Nov. 29	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	[illegible]							
One month	[illegible]							
Two months	[illegible]							
Three months	[illegible]							
Six months	[illegible]							
Lombard	[illegible]							
Intervention	[illegible]							

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Nov. 29 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
[illegible]										

FT LONDON INTERBANK FIXING

(11.00 a.m. November 29) 3 months U.S. dollars

bid 8 15/16	offer 9 1/16

6 months U.S. dollars

bid 9 1/8	offer 9 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
[illegible]						

ECGD Fixed Rate Export Finance IV: Average Rate of interest period October 3 to November 6 1984 (inclusive): 10.816 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 11 per cent from November 1 1984. London and Scottish Clearing Bank Rates for lending 9¾-9½ per cent. London Deposit Rates for sums at seven days' notice [illegible] per cent. Treasury Bills: Average tender rates of discount [illegible] per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month [illegible] per cent; [illegible] The rate for all deposits withdrawn for cash 7 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	[illegible]
Broker loan rate	[illegible]
Fed funds	[illegible]
Fed funds at intervention	[illegible]

Treasury Bills

One month	7.35
Two month	8.30
Three month	8.35
Six month	8.53
One year	8.75

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FINANCIAL FUTURES

Confused movements

Dollar denominated interest rate contracts showed rather confused movements on the London International Financial Futures Exchange yesterday. A fall of 0.7 per cent in October U.S leading indicators was slightly greater than expected, but was near enough to the forecasts of around 0.5 per cent to 0.6 per cent to have little impact. Federal funds were low at 8¾ per cent in early New York trading and this helped sentiment, but the rise in December three-month Eurodollar deposit futures to 90.73 from 90.65 was technical, resulting from the approaching maturity of the contract. March Eurodollars opened firmer at 90.35, compared with 90.31 previously, but closed near the days low at 90.27.

U.S. Treasury bond futures were reported to be suffering from excess stock on dealers books as a result of recent refunding by the U.S. authorities. December bonds began trading at 72-75, but closed just above the day's low at 72-17.

Sterling denominated contracts traded steadily. Sentiment in the cash markets remains good, despite the recent weakness of the pound

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Dec	90.73	90.80	90.70	90.65
March	90.27	90.36	90.26	90.31
June	89.83	89.91	89.82	89.87
Sept	89.43	89.51	89.39	89.47
Dec	89.06	89.00	89.00	89.09

Est. volume 4,585 (3,800)
Previous day's open int. 11,028 (10,994)

THREE-MONTH STERLING
£250,000 points of 100%

	Close	High	Low	Prev
[illegible]				

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
[illegible]				

STERLING £25,000 $ per £

	Close	High	Low	Prev
[illegible]				

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
[illegible]				

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
[illegible]				

JAPANESE YEN
Y12.5m $ per Y100

	Close	High	Low	Prev
[illegible]				

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
[illegible]				

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	72-17	73-00	72-16	73-05
March	71-27	72-12	71-26	72-15

Est. volume 2,590 (1,659)
Previous day's open int. 1,694 (1,984)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
[illegible]				

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
[illegible]				

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
[illegible]				

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
[illegible]				

STERLING (IMM) $ per £

	Latest	High	Low	Prev
[illegible]				

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
[illegible]				

Company Notices

GADEK (MALAYSIA) BERHAD (Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN [illegible]

LEUMI INTERNATIONAL INVESTMENTS N.V.
U.S.$50 MILLION GUARANTEED FLOATING RATE NOTES 1989 EXTENDIBLE AT THE HOLDER'S OPTION TO 1992

[illegible]

BANK LEUMI TRUST COMPANY OF NEW YORK Principal Paying Agent

Exhibitions

H. H. PATTERSON ANNUAL WINTER EXHIBITION [illegible]

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, November 28, 1984. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of November 28 at 11.00 a.m.
3 months: 9⅜ 6 months: 9⅜

ECU=$US.725433 SDR1=$US.991923
Sibor as of November 28 at 11.00 a.m.
3 months: 9⅜ 6 months: 9⅜

COUNTRY	CURRENCY	VALUE OF DOLLAR
[illegible]		

n.a. Not available. (m) Market rate * U.S. dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non-essential imports. (i) Floating tourist rate. [illegible]

INTERNATIONAL CAPITAL MARKETS

OVER-THE-COUNTER

Continued from Page 34

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Stock	Sales (Hnds)	High	Low	Last	Chng
T—T					
TBC	90	11	10¾	11	−¼
TCA Cb .12	3	13¾	13¼	13¾	−½
TacVir	49	7⅞	7½	7⅝	−¼
Tandem	632	18⅝	18⅛	18¼	
Tandon	3231	6¾	6¼	6⅝	−¼
TcCom	22	8	8	8	
Telco	114	17⅞	17	17¼	−⅛
TlcmA 1	325	21¼	20⅞	20⅞	−¼
TelPlus	426	10	9⅞	9⅞	−⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
X—Y—Z					
Xebec	474	7¼	7	7¼	+¼
Xicor	165	9⅝	9⅜	9⅝	−¼
Xidex	1903	11¼	10¾	11⅛	−⅜
YlowFt 1	164	31½	31¼	31¼	−⅛
ZenLbB	2532	20	18¾	18¾	−1¼
Zentec	29	3¼	2⅞	2¼	−⅛
Ziegler .44a	29	11½	11¼	11¼	
ZionUt 1.24	32	32¼	31½	31½	
Ziyad	114	8½	7⅞	7⅞	−½
Zondvn .34	90	11½	11¼	11½	+¼
Zymos	206	1¾	1½	1½	−¼
Zytrex	266	2	1⅞	2	

Salomon to buy Euroyen CDs

By Our Euromarkets Correspondent in London

SALOMON Brothers announced that it was to buy Euroyen certificates of deposit from six leading Japanese banks from next Monday, when trading in the paper is officially permitted under Ministry of Finance rules.

Its statement came amid a flurry of new-issue announcements ahead of Saturday's start-up date for the new market.

Salomon said it would distribute paper with a coupon ⅛ below the London interbank bid rate for yen deposits issued by Nippon Credit, Taiyo Kobe, Tokai Bank, Bank of Tokyo, Kyowa Bank and Mitsubishi Bank.

Separately, Gerrard and National announced that it and Dai-Ichi Kangyo International were to launch a Y6bn issue for Dai-Ichi Kangyo's London branch. Swiss Bank Corporation International is arranging a tap issue of maximum Y5bn for Nippon Credit.

Irving Trust of the U.S. is to sell Euroyen CDs in the name of its London branch from Monday and Suitomo Finance International has placed a Y10bn issue for Sumitomo Bank's London branch at ⅛ per cent below three-month Libor.

EUROBONDS

Kellogg launches $200m bond in burst of activity

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

A SUDDEN burst of activity yesterday in the fixed rate Eurodollar bond market saw the launch of new issues totalling $500m, including a highly successful two-tranche $200m bond for Kellogg, the U.S. cereals group.

Bankers said the borrowers, most of which are highly rated by investors, were taking advantage of the recent falls in interest rates to add to their fixed rate debt. The absolute level of available coupons was more of a clinching factor than any particular narrowing of the yield differential between the Euromarket and the U.S. domestic market.

Led by Goldman Sachs, Deutsche Bank and UBS (Securities) the Kellogg deal found particular appeal in Switzerland where investors like household name corporations. It is divided into two $100m tranches, both priced at 99¾, but maturing in five and seven years with coupons of 10½ and 11¼ per cent respectively.

Other new issues included a $100m, five-year 11⅛ per cent bond at par for Queensland Development Authority. This is the first Eurobond from an agency of an Australian state government since new rules allowing them to raise money in this way came into force during the summer.

Lead managers Credit Suisse First Boston, Deutsche Bank and Merrill Lynch are seeking a broad distribution of the paper and seven market-makers are publicly committed to trade it throughout its life.

The EEC is raising $100m through a five-year 11¼ per cent bond priced at par by lead managers Morgan Guaranty, Banque Nationale de Paris and S. G. Warburg, and Household Finance launched a $100m 11⅞ per cent issue at 99¾ through Goldman Sachs and Deutsche Bank.

Surprisingly, the secondary market proved quite resilient under the weight of new paper although prices softened a little in the afternoon as the New York bond market weakened.

Dealers said the result of the U.S. Treasury auction of $1bn in five-year notes targeted to foreigners had little impact on trading. The auction yield of 11.25 per cent was in line with expectations and about seven basis points below the comparable yield on the domestic notes.

With only $2.15bn in bids received this second such issue by the U.S. Treasury was, however, less popular than the first, attracting considerable interest from Japan but limited demand in Europe. This suggests that the savings available to the U.S. Treasury by borrowing in this way may ultimately be less than indicated by the first auction.

In other primary market activity, Centrust Savings and Loan of the U.S. launched a zero coupon issue due 2010 with a face value of $1.25bn. Priced at 5.995, the bond, which is led by Prudential Bache, Daiwa Europe and Paribas, has a yield to maturity of 11.91.

James Hardie Industries, the Australian diversified manufacturing group, is raising A$30m through a five-year, 13 per cent issue at par led by S. G. Warburg. The high coupon on Australian dollar issues is expected to appeal to retail investors.

Allied Corporation of the U.S. has hitched on to the Euroyen bandwagon with a Y10bn, seven-year issue led by Nomura, Credit Suisse First Boston and Salomon Brothers. The coupon is 6¼ per cent and issue price par.

BHF Bank bond average

Nov 29		Previous
102.691		102.685
High	1984	Low
102.691		98.056

WEEKLY U.S. BOND YIELDS (%)

	Nov 28	Nov 21	1984 High	1984 Low
Composite Corp. AA	11.84	12.10	14.23	12.10
Government:				
Long-term	11.37	11.44	13.69	11.44
Intermediate	11.30	11.48	13.79	11.53
Short-term	10.34	10.63	13.22	10.63
Municipal	n/a	10.35	11.14	9.46
Industrials AAA	11.40	11.63	13.86	11.63
Industrials AA	11.73	11.95	14.13	11.95
Utilities AA	11.94	12.24	14.45	12.24
Preferred Stocks	11.26	11.41	12.17	11.07

Source: Standard & Poor's

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for November 29.

Issue	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Convertible bonds	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Okamoto Leasing 5¼ 98	6/83	2868	122	123¼	−1¼	0.23
Secom 3¾ 99	10/84	5434	96½	97½	−0½	6.06
Sekisui House 3 99	8/84	812	88¼	88½	−0¾	−1.75
Sumitomo Corp 2⅞ 99	5/84	593	89¾	91¼	+0½	5.84
Takeda Riken 3¼ 2000	10/84	7883	94½	96½	+0⅝	10.43
Tokyo Sanyo Elec 3½ 99	12/84	772	85½	86¾	−1½	2.75
Yamanouchi Pharm'cal 4 98	10/83	1483.2	122¾	123½	−2¾	1.81
Nippon Oil Co 2⅞ 92 SF	3/84	1062	†102¾	103¾	−1	16.04
Nippon Shinpan Co 2 92 SF	3/84	881	†96¼	96¼	+1¼	28.22
Settsu Paper 2⅛ 92 SF4/84	677	*	148¼	149	0	−2.13
Asics 5 92 DM	12/83	620	101½	102½	−0¾	23.98
Sanw Realty 6¼ 92 DM	2/83	366	100¼	100½	−0½	−5.08

* No information available previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cr. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.